FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,591 Wednesday April 3 1985 D 8523 B

Emergency aid and the famine in Africa, Page 14

World news | Business summary

EEC farm talks end after only 24 hours

EEC agriculture ministers abandoned efforts to agree a new farm prices package for 1985-86 after barely 24 hours of talks in Luxembourg.

The negotiations broke down over West German demands that there be no price cut in cereals.

There were also Italian and Greek objections to fruit and vegetable reductions. Sig Filippo Pandolfi, Italian president of the council, is to draw up an agenda for new *talks*. **Page 3**

U.S. trade choice

President Reagan has nominated Mr Clayton Yeutter, president of the Chicago Mercantile Exchange, as U.S. Trade Representative. If confirmed by the Senate, he will succeed Mr William Brock, who was nominated to the post of Labour Secretary last month.

ESM 'fraud' charge

Receiver for ESM Government Securities accused the firm of engaging in "massive fraud" since 1976.

No warning shot

The commander of the South African police who shot dead 19 black people at Langa said at the inquiry into the shootings that his sworn statement was wrong in saying that a warning shot had been fired when *his men faced attack*.

Lawyer wounded

A Sicilian magistrate who had held investigations into Mafia arms and drugs smuggling was injured in a bomb attack in Trapani, Sicily, in which a *woman and two children* were killed.

Diplomat freed

Kidnappers freed French diplomat Gilles Peyrolle unharmed, almost two weeks after he disappeared in the north Lebanese city of Tripoli.

Gulf war talks

King Fahd of Saudi Arabia and the Syrian Foreign Minister, Farouq al-Shara, had talks in Riyadh on the Gulf war and Lebanese issues.

Air raids to continue

Government-controlled newspapers in Baghdad said Iraq would continue to attack towns in Iran and ships in the Gulf until Tehran agreed to end the war.

Neves in surgery

Tancredo Neves, Brazil's 75-year-old President-elect, had his fourth major operation in 17 days.

Japan stalls U.S.

U.S. demands for better access to Japan's telecommunications market seem unlikely to be satisfied in the short term, but promises of future improvements *are likely* to be made after weekend meetings between two U.S. envoys and Prime Minister Yasuhiro Nakasone. **Page 16**

Gorbachev replies

Reagan *Administration officials* said Mikhail Gorbachev, the Soviet leader, had replied favourably to the President's invitation to attend a summit in Washington. **Page 6**

Gallery extension

London's National Gallery is to get a £20m ($25m) extension as a gift of three brothers in the Sainsbury family, founders of Britain's largest grocery store chain. **Page 11**

New Bhopal leak

Liquid chlorine escaped from the Union Carbide chemicals plant at Bhopal, India, where 2,500 people died after a gas leak in December. No one was hurt. **Page 4.** Union carbide is experiencing difficulty in obtaining sufficient insurance coverage.

Disruption averted at UK Post Office

TALKS between the two sides in the UK postal workers' dispute have averted disruption to services, at least temporarily. The Post Office relented slightly on its hard line over the immediate introduction of more part-time workers *without union agreement*. **Page 11**

DOLLAR was firm in London, rising to DM 3.149 (DM 3.12), SwFr 2.66 (SwFr 2.64), FFr 9.6075 (FFr 9.47) and Y254.1 (Y252.65). On Bank of England figures, the dollar's exchange-rate index rose to 148.0 from 146.6. In New York it closed at DM 3.0955, FFr 9.4425, SwFr 2.6175 and Y252.90. **Page 39**

STERLING was weaker in London, falling to $1.2075 ($1.2225), DM 3.805 (DM 3.61), SwFr 3.205 (SwFr 3.23), FFr 11.58 (FFr 11.59) and Y307.0 (Y306.5). The pound's exchange rate *index fell* to 76.9 from 77.2. In New York it closed at $1.2310. **Page 39**

WALL STREET: The Dow Jones industrial average closed 7.07 down at 1,265.68. **Section III.**

TOKYO: Profit-taking pressure hit share prices taking the Nikkei-Dow market average 47.29 down to 12,629.86. **Section III**

LONDON equities firmed with the FT Ordinary index up 5.6 to 969.4. Gilts eased. **Section III**

GOLD fell $2 on the London bullion market to close at $319.125. It also *fell in Zurich to $318.875. In New* York, the Comex April settlement was $322. **Page 38**

COPPER prices rose strongly in London, as gains in New York helped boost an increase initially triggered by sterling's weakness *against* the dollar. Cash *high-grade* copper rose £38 to £1,192.50 a tonne. **Page 38**

HUNGARY is raising $300m to pay for projects in the livestock, chemi*cal and transport sectors through a* credit financed jointly by the World Bank and a group of commercial lenders. **Page 40**

IBM, the U.S computer group, has announced a fresh series of price cuts on some models and two new *versions of its XT personal compu*ter range.

HONGKONG and Shanghai Banking Corporation's merchant banking subsidiary, Wardley's, has lost five of its top executives to the new Hong Kong investment banking division of Citicorp. **Page 18**

HUHTAMAKI, the diversified Finnish industrial group that bought into the U.S. confectionery business in 1983, suffered a steep decline in profits last year because of heavy investment, consolidation and advertising costs in America. **Page 19**

HOME STATE SAVINGS, the Ohio bank whose closure sparked a crisis *last month, will* be sold to an out-of-state institution today unless a matched or higher offer is made by Ohio banks, according to state Governor Richard Celeste. **Page 16**

ALFA ROMEO, Italian state-owned motor manufacturer, lost L97.8bn *($49.3m) last year, more than treb*ling the 1983 deficit and reflecting heavy expenditure on new model launches. **Page 17**

TRILOGY, the loss-making U.S. computer venture founded by Dr Gena Amdahl, has handed over the operation of its $10m computer-aided design facility to Electronic Data Systems, a General Motors offshoot.

CBS, the U.S. broadcasting group, announced that it had arranged a $1.5bn credit line at the same time as Mr Ivan Boesky, Wall Street arbitrage specialist, said he had acquired an 6.6 per cent stake in the company. **Page 17**

SAIPEM, Italian state pipelaying group which last year floated 20 per cent of its shares in Milan, says it will seek listings this year in London, Frankfurt, Brussels and Zurich. **Page 17**

CROWN Zellerbach, the U.S. forest products group, *says it will not* be "bullied" by Sir James Goldsmith's tentative bid approach. **Page 17**

Pentagon claims Soviet advance in star wars plan

THE SOVIET UNION'S *star wars* programme has moved beyond research to the development of prototype high-energy laser weapons, **writes Reginald Dale, U.S. Editor, *in Washington.*** *Some of them might* already play a role in space defence, Mr Caspar Weinberger, the U.S. Defence Secretary, said yesterday.

Presenting the Pentagon's latest annual study of Soviet military power, Mr Weinberger said Moscow was trying to stop U.S. research in the same field so as to acquire a monopoly of such strategic defensive systems. The Soviet Union could deploy a ground-based laser defence against U.S. ballistic missiles by the early 1990s, the report said.

Mr Weinberger again appealed to allied governments to support the U.S. research programme, saying that the proposed weapons could also be used to protect Western Europe against Soviet intermediate-range missiles, such as the SS-20, *as well as strategic attack.* Such an intermediate-range role was a part of the design specification for the U.S. star wars systems, he said.

Mr Weinberger's report, emphasising *rapid* Soviet advances in its own star wars technology, said that Moscow already had ground-based lasers that could be used to interfere with U.S. satellites. In the late 1980s, the Soviet Union might have prototype anti-satellite laser weapons based in space.

Also by the late 1980s, the Soviet Union might have prototypes for ground-based lasers for ballistic missile defence (BMD), the report said, while testing of the components *for a large-scale deployment* system might begin in the early 1990s. The timetable outlined for the Soviet systems appeared to be roughly comparable with that planned by the U.S. *for its own* programme.

"The many difficulties in fielding an operational system will require much development time, and initial operational deployment is not likely in this century," the report said.

"However, with high priority and some significant risk of failure, the Soviets could skip some testing steps and be ready to deploy a ground-based laser BMD by the early to mid-1990s."

Ground and space-based particle-beam weapons against ballistic missiles would be more difficult to develop than lasers. Nevertheless, the Soviet Union had a vigorous programme under way for particle-beam development, and could have a prototype space-based systems for testing in the late 1990s.

A Soviet air-defence laser, for protecting "high-value strategic targets in the USSR," was probably at least in the prototype stage and might be operational by the late 1980s, the report said. Moscow could also start deploying an airborne laser in the early 1990s, for use both as an anti-satellite weapon and for defence against low-flying cruise missiles.

"The USSR's high-energy laser programme, which dates from the mid-1960s, is much larger than the U.S. effort," the report says. "They have built over a half-dozen major research and development facilities and test ranges, and they have over 10,000 scientists and engineers associated with laser development."

At the same time, the report said, the existing Soviet anti-ballistic missile (ABM) defences around Moscow were being enlarged and equipped with a new generation of radar and interceptor missiles. "Developments aimed at providing the foundation for widespread ABM deployments beyond Moscow are under way."

Meanwhile, the report says, the Soviet Union is considering a manned expedition to Mars in 1991, *when the conditions* for a launch would be favourable. Such a expedition would coincide with the 75th anniversary of the Soviet Revolution, and the 500th anniversary of Columbus's discovery of the New World: adding "great prestige" to the Soviet Union, the report said.

London and Paris set guidelines for Channel link

BY ANDREW TAYLOR IN LONDON AND PAUL BETTS IN PARIS

GOVERNMENT guidelines for a privately financed fixed link across the Channel were published by Britain and France yesterday. The scheme, if it goes ahead, will be one of the world's biggest civil engineering projects undertaken since the second world war.

Promoters of developments have been given until October 31 to submit plans to both governments. Those range from a twin-bore rail tunnel to a road-and-rail scheme, involving bridges and tunnels connected in the Channel by artificial islands. Costs have been estimated at between £2bn ($2.4bn) and more than £4bn at 1983 prices.

The British and French authorities hope to be able to choose a development to proceed by the end of this year.

M Paul Quiles, the French Public Works Minister, said yesterday that France was keen to push forward quickly the Channel link, especially since Paris felt there was a strong political determination in London to go ahead with the project.

The French Minister said he hoped the necessary treaty between France and Britain would be presented to the two countries' respective parliaments for approval in a year's time.

Stringent conditions will be attached to any successful scheme.

The guidelines insist that any development must be totally financed by private money without the aid of government financial or commercial guarantees. Preference will be given to promoters prepared to invest their own money.

Mr Nicholas Ridley, the British Transport Secretary, said the monetary implications of raising such a large sum from the private sector would have to be considered. It was hoped that capital issues would account for a high proportion of the total cost.

The right to construct and op-

Continued on Page 16

Guidelines, Page 12

A group of leading French nationalised banks and private construction companies are set to join forces with the Channel Tunnel Group, the British consortium proposing a twin-bore rail tunnel. The French partners are: Indosuez, Banque Nationale de Paris and Credit Lyonnais, state-owned banks and five leading French construction companies, including Bouygues, Dumez, Spie Batignolles, SGE and SAE Borie. They will join National Westminster Bank and UK construction companies Tarmac, Wimpey, Balfour Beatty, Costain and Taylor Woodrow.

Hellenic Shipyards 'set to close'

By Andriana Ierodiaconou in Athens

HELLENIC SHIPYARDS, one of Greece's biggest industrial employers, is to suspend operations on Monday with the loss of 4,800 jobs.

The imminent closure of the shipyard, founded in 1956 by Greek shipping magnate Stavros Niarchos at Skaramangas, west of Athens, on land leased from the state, could not have come at a more difficult time for the Socialist Government. A general election must be held before October and the Conservative opposition is poised to exploit rising unemployment levels, officially estimated at about 10 per cent nationally.

The Government also has its hands full with the political crisis generated by last Friday's presidential elections which have been challenged by the Conservatives as unconstitutional.

Mr Christos Brissimitzakis, a director at Hellenic Shipyards, attributed the management's decision to "the overall crisis in shipping and shipbuilding, and to continual and insupportable labour actions."

He denied charges by the Socialist-led General Confederation of Greek Workers – the national trade union congress – that the decision to suspend operations was politically motivated.

Hellenic Shipyards has been in the red since the early 1980s, when the plant succumbed to the recession affecting the shipbuilding industry in Western Europe. Losses are estimated to have climbed from $9m in 1982 to $15m in 1983 and $16m in 1984. The company was expected to fulfil a contract for the construction of 15 product carriers

Continued on Page 16

Anglo-U.S. deal creates No 2 insurance broker

BY JOHN MOORE IN LONDON

SEDGWICK GROUP, Britain's largest independent insurance broker, and Fred S. James, the U.S. insurance broker that forms part of Transamerica Corporation, are to merge in one of the most ambitious transatlantic insurance realignments for years.

The deal, which values Fred S. James at £333m ($844m), might turn Sedgwick into the world's second largest insurance broker in a market dominated by Marsh & McLennan. Once the merger is completed, the combined group will have revenues of over £600m, and a staff of 12,000 people.

In the merger plan, Transamerica Corporation, a U.S. financial conglomerate with interests in manufacturing and transportation, will acquire a large stake in Sedgwick Group.

Under the *terms* of the deal, Sedgwick is to issue 73.6m new shares to Transamerica to buy out James and 68.37m "A" restricted voting shares. After the deal, Transamerica, which has life insurance and property and casualty insurance operations, will hold 29 per cent of the voting shares and 39 per cent of the enlarged equity of the group.

Sedgwick currently ranks in fifth position in terms of broking revenues in the world league of insurance brokers. Fred S. James is ranked sixth.

Sedgwick indicated the possible financial dimensions of the new combine yesterday. After allowing for various accounting treatments, said Sedgwick, the after-tax profit of the Majes group for 1984 would have been £24.1m. For the current financial year it is forecast that the James group will report pre-tax profits of about $53m.

Sedgwick Group has been attempting to forge a closer link with the U.S. insurance market for some year. In 1978 it tried to link with Alexander & Alexander Services, the world's second largest broker, but eventual merger talks collapsed. After Alexander & Alexander ran into trouble with its merger with Alexander Howden group in London, Sedgwick started new talks but once again those failed.

Sedgwick has also held informal talks with Frank B. Hall but its latest discussions got under way seriously at the beginning of this year.

Mr Carel Mosselmans, chairman of Sedgwick Group, said that the move "achieves an important objective – to increase our position in the retail insurance broking world." Mr Frank Herringer, a vice-president of Transamerica, said in London yesterday that he hoped Transamerica could "work together" with Sedgwick, using Sedgwick to market some of Transamerica's life assurance products." Transamerica is to have boardroom representation in the new combine.

It is planned that James's U.S.-based retail insurance broking activities will operate as a separate, autonomous unit within the Sedgwick Group. It is intended that the other insurance broking and reinsurance broking activities of James will be co-ordinated within the Sedgwick Group in due course.

The other broking activities of James include the John F. Sullivan, Wigham Poland and Tomeson companies.

Analysis, Page 11; Lex, Page 16

General Dynamics 'kept two sets of books'

By Paul Taylor in New York

U.S. SENATE investigators investigating allegations of charging and billing irregularities against General Dynamics, the nation's largest defence contractor, claimed yesterday that the company "in effect had two sets of books" in the early 1970s – concealing from the U.S. Navy massive cost overruns and construction delays on nuclear attack submarine contracts.

The latest charges are contained in a 77-page congressional staff committee report prepared for Senator William Proxmire and made public yesterday at a joint hearing of the Senate judicial subcommittee and a joint economic subcommittee chaired by Senator Charles Grassley.

The report accuses General Dynamics of filing claims that blamed the navy for the cost overruns and delays that eventually led to a $750m congressionally approved bail-out for the company in 1978.

According to the report – which comes amid mounting controversy *over similar allegations* made by Mr P. Takis Veliotis, a fugitive former General Dynamics manager – internal company memos have revealed evidence that the company knowingly submitted a bid well below its cost for winning a $768.9m contract in 1973 to build 11 of the submarines.

The report alleges that while General Dynamic's electric boat shipyard in Groton, Massachusetts, privately estimated that it would require 48.6m man-hours to complete the 688-class nuclear submarines, it told the navy it would take only 40.6m man hours.

According to the staff report on occasion "internal reports were prepared comparing the information reported to the navy with the information known to General Dynamics, suggesting that the company in effect had two sets of books."

In addition, the congressional report also accused General Dynamics of concealing from the navy that it was allocating inadequate manpower to build an earlier fleet of seven submarines, contributing to lengthy delays in construction and guaranteeing delays on the next contract.

The congressional investigators also criticised the U.S. Securities and Exchange Commission (SEC) *for failing* to take sworn testimony before dropping an earlier investigation into the company's lack of disclosure to shareholders of the overruns and delays.

General Dynamics has vigorously denied earlier charges levelled against it.

Huge loss for A. H. Robins after $489m provision for IUD suits

BY PAUL TAYLOR IN NEW YORK

A. H. ROBINS, the troubled U.S. pharmaceuticals group, yesterday reported a $461.6m loss for 1984, which effectively wipes out its estimated $370m shareholder equity.

Robins said that it had set up a $489m reserve to cover future settlements in the thousands of suits it faces over the Dalkon Shield intrauterine birth-control device which Robins discontinued 10 years ago.

The larger-than-expected loss *forced the company* to omit its quarterly dividend, the Virginia-based group said. Its shares were suspended at the opening of the New York Stock Exchange yesterday.

The company also announced yesterday that it had agreed to set up a $6.9m fund to settle shareholders' claims against it. The claims, under federal securities law, also relate to the manufacture and marketing of the Dalkon Shield.

Robins ceased manufacture of the Dalkon Shield in June 1974 but *has been swamped with more than* 10,000 claims from users who have alleged that the device caused infertility, involuntary abortions and pelvic inflammatory diseases.

By last September, the company had already settled about 7,700 suits totalling $259m, but still had at least 3,600 claims pending. New suits continue to be filed and have accelerated *in recent months* as the company has sought to bring the issue to a head.

The company had earlier warned that it expected to set up a "substantial" reserve in the fourth quarter to cover future litigation. Wall Street analysts, however, had expected the reserve to total about $275m.

After setting up the $489m or $19.53 a share reserve, and paying out a further $10.8m pre-tax in settlements, the company reported a $481.8m fourth-quarter loss against net earnings of $14.26m, or 59 cents *a share,* in same period of 1983 when profits were reduced by $5m by litigation expenses and settlements. Sales in the final quarter grew to $162.3m from $145.4m.

The massive full-year loss, which includes pre-tax litigation expenses and settlements totalling $77.95m, compares with net earnings of $58.2m, or $2.40 a share, in 1983 when earnings were reduced by litigation expenses and settlements totalling $18.7m pre-tax. Sales for the full year increased to $631.9m from $563.5m.

The company said it was omitting its quarterly dividend because the creation of the fourth-quarter reserve "resulted in an accumulated deficit," at year end.

Under Virginia law, dividends must be paid out of retained earnings. Robins last paid a 19 cents dividend in December.

Robins said that the deficit "may be eliminated by 1987" if its business continues to grow at its historical rate, but said that its recovery will also be influenced by future developments in Dalkon Shield litigation.

The shareholders' settlement is designed to resolve a class action dispute brought by stockholders who acquired Robins' shares between 1971 and 1976, and who argued that the company *failed* to disclose material information about the Dalkon Shield.

CONTENTS

EUROPEAN NEWS

Kevin Done reports from Trondheim on one of Norway's most vigorous growth industries

Fish farmers tame the wild Atlantic salmon

NORWEGIAN fish farmers have tamed the fighting Atlantic salmon and turned it into a multi-million dollar business. One of the world's most coveted fish delicacies, it is now being mass-produced in the Norwegian fjords and air-freighted by the tonne to the leading capitals of the world.

With new transport techniques fresh salmon, most importantly it is NOT frozen, can reach the gourmet tables of New York's Tavern on the Green, the Fontaine Bleue in Tokyo, London's Wheelers or Restaurant Michel Pasquet in Paris from the Norwegian coast in less than 48 hours. There is no close season. Fresh Atlantic salmon has suddenly been made available all through the year.

Aside from oil and gas, fish farming is Norway's growth industry of the 1980s. Production of farmed salmon is leaping by 40 per cent a year, in 15 years the value of exports has grown from nothing to more than NKr 1bn (£91m) a year, and aspiring newcomers are queueing up in the rush to cash in on the boom.

More than 1,200 hopefuls applied in the last licensing round a year ago, but only 100 were approved.

The Norwegians began experimenting with seawater fish farming about 20 years ago, but the first farmed salmon did not begin to appear on the market until 1970. Supplies of wild Atlantic salmon were dwindling and the Norwegian fjords seemed an ideal breeding ground with sheltered, clean seawater warmed by the Gulf Stream, but at the same time close to the abundant fresh water pouring down from the Norwegian mountains.

Last year the output of farmed salmon reached 22,300 tonnes compared with only 600 tonnes ten years earlier. Production is forecast to jump to 30,000 tonnes this year, to have doubled by 1986 and to have reached 55,000 tonnes by 1987.

Even at its best many years ago the catch of wild Atlantic salmon—the total of all countries, not just Norway—was no more than 20-25,000 tonnes and in recent years it has fallen to only 8-12,000 tonnes. Norway's own catch of wild salmon in 1983 was no more than 1,600 tonnes, barely 7 per cent of the country's farmed salmon production.

With some 550 fish farms and 200 hatcheries now dotted among the myriad islands and fjords along its long Atlantic coast Norway has stolen a clear lead on its foreign competitors. By next year it plans to be producing four times more than the whole of the North Atlantic.

Competitors have emerged in Scotland — currently number two in farmed Atlantic salmon in the world with an annual output of around 3,500 tonnes — in Iceland, Ireland and Canada, but Norway still accounts for as much as 85 per cent of world output.

The biggest volume of salmon in the world is caught in the Pacific — some 600-700,000 tonnes a year by the U.S., Canada, Japan and the Soviet Union, but the various species of Pacific salmon are claimed to be of inferior quality to the Atlantic salmon and the season is limited to the summer months of May to September.

"The Atlantic salmon is of higher quality," insists Mr Odd Steinsboe, managing director of the co-operatively owned fish farmers central sales organisation, "but just as importantly we can supply the market with fresh fish all year round, especially when the U.S. does not have its own fresh salmon from October to April."

He admits to fears that fast-growing Norwegian production could undermine world prices—salmon trades after all on its exclusivity—but he insists that demand is also expanding fast.

"Many said that when we reached 10,000 tonnes production the price for salmon would be the same as for cod, but that has not happened.

"I have warned the farmers that they must be prepared to accept lower prices, but it has gone the other way. In 1983 production rose by 70 per cent and prices went up by 3 per cent. In 1984 production went up by another 35 per cent and prices still rose by 3 per cent."

The very idea of selling air-freighted fresh fish around the world would still have seemed ridiculous less than five years ago, but today Norway has opened up markets for fresh salmon as far away as Tokyo and Seattle. "Compared with wild salmon caught at sea by trawler our farmed salmon is on the restaurant table before the wild salmon has even been brought ashore," says Mr Steinsboe.

The global market has been opened up by new air transport techniques. According to Mr Steinsboe fresh Norwegian salmon has become the single biggest cargo item air-freighted from Europe to the U.S. "Ten years ago no airline would have fresh fish and ice on board with the ice melting and the smell. Now there are acceptable packaging methods and all the airlines are competing for this fish."

SAS, the Scandanavian airline, says the case history of salmon shipments "is a landmark in diverting commodity shipments from surface to air freight." The salmon are packed in ice and then wrapped in absorbent "diapers" which can soak up almost two gallons of water and maintain the consistency of the meat. The airline has doubled its fleet of refrigerated containers to handle the salmon shipments.

Norway's main markets are still in Europe, especially France and West Germany, but the U.S., where sales only started in 1981, is the fastest growing market accounting for 5,000 tonnes or close to a quarter of total exports in 1984. Efforts to develop the Japanese market are also being intensified. "There is no one asking for such high quality as the raw fish restaurants in Tokyo," says Mr Steinsboe.

For the Norwegian authorities fish farming has become a major plank of regional policy and one of the main hopes for halting the drift of population away from the scattered coastal communities.

The number of fishermen in Norway has more than halved since the early 1960s to less than 30,000, but the fish farms have already created around 2,500 new jobs with another 2,500 employed indirectly in service activities. Cautious Government estimates say the fish farms could support a workforce of 20,000-25,000 by the year 2000.

Government regulation of the new industry has become an emotive political issue. Fish farming has been controlled by a state licensing system since 1973, and critics argue that the regulations are hampering its growth and are forcing the bigger operators to move abroad if they wish to expand.

A new law that should pass through the Storting, the Norwegian Parliament, later this year, maintains a restriction of 8,000 cubic metres on the size of individual farms—effectively a production limit of 150-200 tonnes a year. At least 51 per cent of the equity in individual salmon and trout farms must come from local sources and majority ownership is only allowed in one enterprise.

"The political view is that we don't want the industry to develop too rapidly. We don't want another Klondike, which will only be good for a couple of years," says Mr Jan Lauritzen, spokesman for the Fisheries Ministry.

Even with Government restrictions, however, enough licences have been granted to allow a further dramatic expansion in the next couple of years. According to Mr Odd Berg, deputy managing director of the fish farmers' sales co-operative, current licences would allow an annual production of 70-80,000 tonnes of salmon and trout. "That is three times bigger than current production but could already be reality in four to five years."

Many in the industry are already concerned that it is expanding too fast for its own good. "The bottleneck is not lack of capital but lack of know-how," says Mr Steinsboe. "We only started 10-15 years ago and we should not expand faster than we have the know-how to support the industry. Quality is still more important than bigger quantities. We need a drastic increase in research activities." Disease and a shortage of smelt are already threats to future growth.

Fish farming has now been made a priority area in national research and development by the Norwegian Government alongside information technology, offshore technology and materials research with NKr 70m earmarked under this year's budget.

The Norwegian fish farms are dangerously dependent on salmon and much of the R&D effort is going towards developing new species suitable for aquaculture. Successful experiments have been made in farming cod, but the returns are not attractive, and most hopes in Norway are now focused on halibut as a big future revenue earner.

Golden Sea Produce, Norsk Hydro's Scottish subsidiary, started commercial turbot farming in 1983 and also operates Scotland's only shellfish hatchery.

Mr Odd Berg is anxious to see the country develop as a world leader in marine aquaculture. "Aquaculture today produces around 9m tonnes of fish and other organisms a year and output is rising by around 1m tonnes a year. By the year 2000 aquaculture production could be equivalent to half the annual catch from the world's oceans. We have to be in on it."

Salmon is processed at a fish farm.

Bank survey says Swedish Government will miss targets

BY KEVIN DONE

SWEDEN'S SOCIAL Democratic Government will fail to achieve its main economic targets of sharply cutting inflation and keeping the increase in labour costs below 5 per cent this year, according to a new economic survey issued by PKBanken, one of the country's leading commercial banks.

Despite the fact that leaders of the employers and the blue collar unions have accepted the *Government's* voluntary wage ceiling, PKBanken expects wage drift to push up labour costs by around 6.5 per cent across the whole labour market.

Local negotiations in industry that are currently under way are expected to give average wage cost rises for blue collar workers in the private sector of 7 per cent and for white collar workers of 7.4 per cent. Even in the public sector labour costs are expected to rise on average by 5.5 per cent, again breaking the government guideline.

Wage cost increases will be somewhat lower than the levels of recent years, however, industrial wage costs still rose by more than 10 per cent last year, the level set since the late 1960s, which has continually undermined the international competitiveness of Swedish exports.

PKBanken expects the Government's inflation goals to prove unrealistic as well, with consumer prices still rising at 5 per cent by the end of the year, compared with the official target of 3 per cent. Inflation is forecast to rise on average this year by at least 7 per cent.

The bank says that 1985—an election year in Sweden — is likely to prove a "consumers' year" with real disposable incomes rising by 1.5 per cent, a faster increase than for many years. The general prospects for economic growth are gloomy, however.

"The Swedish economy is unavoidably entering a period of slower economic growth," says the report. "Growth will be halved this year and will fall to about 1 per cent in 1986."

Stronger domestic demand is forcing up imports, while, at the same time, export companies are beginning to lose *market shares and the effects* of the 1981 and 1982 devaluations are running out.

● The Swedish central bank has adjusted the weights of the currencies in the foreign exchange basket to take account of the increasing importance of U.S. dollar-denominated trade. The weighting of the dollar was increased by 1.6 points to 20.7 per cent, while the weightings of all other currencies except the Japanese yen were lowered.

Swiss recovery continues as GDP goes up by 2%

BY JOHN WICKS IN ZURICH

THE SWISS economy continued its recovery last year, according to provisional figures issued by the Government. These show that gross domestic product was up by some 2 per cent in real terms over the year, following a rise of only 0.7 per cent in 1983. In the previous year, inflation-adjusted GDP had shown a drop of 1.1 per cent.

While private consumption grew by only about 1 per cent in real terms last year, investment spending went up by about 3.6 per cent and was building up towards the end of the year. Government expenditure rose by 2 per cent after price adjustment.

The volume of foreign trade continued to grow. In real terms, exports of goods and services are estimated as having gone up by 5.7 per cent over the year. However, the corresponding import volume was about 6.9 per cent higher.

The government calculates that Switzerland last year experienced a total foreign trade deficit, including invisibles, of SwFr 1.36bn (£420m) as against SwFr 430m in 1983.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Soviet Union's wartime trauma surfaces in death of an old man

BY PATRICK COCKBURN IN MOSCOW

LESS THAN two months before the Soviet Union celebrates the fortieth anniversary of victory over Nazi Germany the murder of an old man in a village in the south of the country illustrates the depth of popular feeling about the events of the last war.

The man who died was Mr Ivan Dergachov, an old man who lived alone and made a living collecting empty bottles in the village of Orlovka in Donetsk province.

Mr Dergachov was also one of the few men to survive the war in Orlovka, some 207 people, almost the entire male population of the village, were killed by the Germans between 1941 and 1945.

After the war, a rumour spread through the village that the bottle collector lived when the others died because he had collaborated with the Gestapo, but nothing happened for almost 40 years.

Then, one day recently, Mr Dergachov, by now an old man, tried to collect empty bottles from two young men called Kolya and Tolya who were drinking behind the village hall. They refused to hand them over, a fight started and the old man was beaten up and eventually throttled with a belt. Two days later he died, and Kolya and Tolya were sentenced to seven years in prison for his murder.

Almost immediately, 300 people in Orlovka wrote to Komsomolskaya Pravda, the daily newspaper of the Communist youth organisation, Komsomol, to which Kolya and Tolya belonged, demanding their release.

When the newspaper sent a reporter to interview people in the village, he was told by by a local teacher: "I have no pity for a man like Dergachov. Hatred gives them the right to raise their hands against him."

The reporter denounces the murderers as drunken louts who deserved all they got and is shocked that the people of Orlovka justify the crime.

But murder, justified by the suspicion of collaboration long before the killers were born, illustrates the extent to which popular feeling in the Soviet Union is still conditioned by the trauma of the last war.

EUROPEAN NEWS

WEST GERMAN OBJECTIONS IMPEDE COMMUNITY NEGOTIATIONS

Ministers abandon farm price talks

BY IVO DAWNAY IN LUXEMBOURG

EEC AGRICULTURE ministers agreed once again to abandon their talks on a new farm prices package for 1985-86 after barely 24 hours of negotiations. Instead, Sig Filippo Maria Pandolfi, the Italian president of the Council, will attempt to drew up a new agenda for discussions highlighting the greatest areas of difficulty.

The negotiations are most seriously blocked over a number of demands from West Germany, the most important of which centres on its refusal to accept any price cut on cereals. There are also Italian and Greek objections to reductions in fruit and vegetable prices and arguments over the future of the superlevy, which restrains the surplus milk production.

Herr Ignaz Kiechle, the West German Farm Minister, remained adamant on Monday night that he could not accept the 3.5 per cent cut in grain prices proposed by the European Commission.

He was equally firm in his rejection of another proposal to get rid of West Germany's remaining Monetary compensatory amounts (MCAs)—the border taxes and subsidies that protect its farmers from cheaper imports.

Asked whether he would veto the agreement if his demands were not met, Herr Kiechle replied: "Chancellor Kohl has told me to use any means necessary to secure our position."

He added that traditionally, farm ministers have not forced a vote if a member state has expressed serious political difficulties in agreeing to a measure. However, it is becoming increasingly difficult to see what course the Italian presidency can take.

Failure to agree should make some savings for the Ecu 20bn (£12bn) 1985-86 farm budget, as milk producers will not have their 1.5 per cent price rise back-dated to the beginning of the April to March farm year. But agreement on all the increases on the Commission's proposals sought by member states would add a further Ecu 1bn to costs.

The ministers were yesterday engaged in yet another round of bilateral talks and are scheduled to meet again on April 22. Several observers commented yesterday, however, that Herr Kiechle is unlikely to have much room to soften his position until the elections for the North Rhine (Westphalia) region are completed in May 12.

Even then, many are pessimistic over his ability to make substantial compromises after having given categorical assurances to his farmers that they will not suffer price cuts.

Commission seeks extra budget payment

BY PAUL CHEESERIGHT IN BRUSSELS

THE European Commission wants EEC governments to put up Ecus 2.3bn (£1.3bn) to fill a hole in this year's Community budget. This is Ecus 1bn more than the Ten had tacitly agreed last year. The British share would be 21.6 per cent, or £280m.

Proposals for the 1985 budget were unveiled by the Commission yesterday, setting the ground for a negotiation between the Commission itself, the Ten and the European Parliament, which will probably reach a climax in June.

The size of the expected deficit EEC governments agreed last month to finance is largely due to increased farm spending and e substantial debt from last year's budget.

Settling a 1985 budget came to an abrupt halt in December last year when the Parliament threw out what had been agreed by the EEC Council of Ministers because the figures did not cover the whole year.

The process has started again because the Ten agreed last month that an anticipated shortfall would be met this year by contributions from the national capitals. On January 1, 1986, however, a new system of Community financing comes into play. It will provide enough funds to cover likely expenditure.

The rebate to the UK of Ecu 1bn on its 1984 contributions to the EEC is being arranged by reducing the level of its 1985 payments, made like those of other governments as a portion of VAT.

The total size of the Commission's new draft budget is Ecus 29.3bn. This compares with its draft proposal of Ecus 28.1bn put forward in June last year and the figure that last autumn the Council of Ministers decided it could accept—Ecus 26.1bn.

Budget ministers then found Ecus 600m of economies outside the farm sector. It is assumed that this time round they will keep these economies. But they also decided quite arbitrarily to trim the farm budget by Ecus 1.3bn.

However, the farm negotiations, far from permitting that arbitrary cut to stand, will be partly instrumental in creating a farm subsidy support budget of Ecus 19.9bn for 1985, against the Ecus 19.3bn the Commission put forward last year.

The Commission has also written into its new draft budget proposals Ecus 520m to clear off the overhang of the 1984 budget, and a further Ecus 40m for food aid.

On the basis of its latest figures, set against those that the Commission first proposed in June 1984, the gap the Ten have to fill is Ecus 2.9bn. But if the economies of Ecus 600m stand, then the hole is Ecus 2.3bn wide.

Strike disruption continues in Denmark

BY OUR COPENHAGEN CORRESPONDENT

MOST AREAS of Denmark expect to suffer disruption until after the Easter holiday, and uncertainty prevailed on the labour market yesterday in the aftermath of last weekend's tough legislation instigated by the coalition Government which ended the one-week public sector strike.

The Government seems determined to ride out the present wave of protests and some of the most violent post-war demonstrations seen in Denmark, involving thousands of workers. These culminated in an abortive attempt by rioters to storm the Prime Minister's office in the parliament buildings in Copenhagen on Monday using sentry boxes as battering rams.

There were no big demonstrations yesterday and the traditionally law-abiding Danish trade union federation has not endorsed the unofficial work stoppages. But Denmark was still disrupted with hundreds of factories reporting absenteeism.

Ferry, bus and post services, and refuse collection, remained dislocated. Beer, oil and petrol supplies were limited and most leading newspapers were not on sale. Copenhagen's international airport was, however, functioning with delays. Danish television and radio broadcasts were halted with only four news bulletins a day produced with the help of managerial staff.

Because the Easter holiday starts today in Denmark, a full return to work in both the public and private sectors was not expected until next Tuesday.

The Government's austerity policies are so unpopular that opinion polls published in the past few days show that Mr Poul Schluter, the Prime Minister, would lose power if elections were held now. The next elections are not due until 1988.

France, UK stalled on European fighter

By David Housego in Paris

BRITAIN AND France came no closer yesterday to reaching agreement on the design and powering of a new European fighter aircraft.

Mr Michael Heseltine, the British Defence Secretary, held talks in Paris with M Charles Hernu, the French Defence Minister, after a visit by Mr Heseltine to the Dassault centre at St Cloud, near Paris. He saw a prototype of Dassault's ACE (Avion de Combat Experimental) ground-attack aircraft, which the French manufacturer would like to be adopted as the basis of the new European fighter.

The British side found no willingness among the French to abandon Dassault's insistence on design leadership for the fighter, nor was there any sign of a compromise over the engine that might power it.

France is proposing the Snecma-88, which the British feel could be outdated by the early 1990s. The British favour a derivative of the existing European Turbo-Union RB 199.

The new fighter is a joint project between Britain, France, Italy, West Germany and Spain.

Mr Heseltine, at a press conference later, restated his commitment to finding a European solution among the five nations involved in the project. But he also gave an implicit low-key warning to the French, saying that "nobody can emerge as a winner" from the project as this would mean other countries would have to be losers. He emphasised that he could not accept a solution which sacrificed the interests of British Industry.

Defence ministers from the five countries hope to take decisions on the plane which would involve production costs of $10.4bn, when they meet in Rome in May. But Mr Heseltine left little doubt that if no conclusion was reached the British Government would have to take its own decision in the summer.

Diplomats here feel that the French are counting on the West Germans and Italians rallying to their side at ministerial level in spite of technical advisers having a more favourable approach towards the heavier British plane

France won ministerial support at The Hague meeting of defence ministers last autumn for its concept of a lighter plane

The 'figurehead' President who speaks his mind

THE RULE used to be that West German presidents, like decently brought-up children, should be seen but not heard.

But with the advent of Richard Freiherr von Weizsaecker, the sixth head of state in the 36-year-history of the Federal Republic, it has begun to change — and few people should be entirely surprised.

In fact, notice came on the very day when he was elected to office, with the support not just of his own Christian Democrat (CDU) party but of most opposition Social Democrats as well. "I'll be making my position quite clear where important issues are concerned, which involve the future of our country," he said that day.

President von Weizsaecker, an enlightened conservative with a sense of history, has refused in his nine months in office to be bound by 36 years of West German tradition, writes Rupert Cornwell in Bonn.

And so it has proved in the nine months since he formally succeeded Herr Karl Carstens. To the irritation of some, but to the approval — almost certainly — of the overwhelming majority of West Germans, the 64-year-old President has, within the diplomatic limitations of his office, been speaking his mind.

He did so most recently in the informal setting of the Anglo-German Koenigswinter conference, at which a suave critique of the Strategic Defence Initiative (SDI) was followed by the elegant, and entirely superfluous disclaimer that, "Alas! I am not permitted to be any clearer."

But his doubts about the scheme were already unmistakable—as President Reagan, to whom Herr von Weizsaecker yesterday was paying what may well have proved more than a mere courtesy visit in Washington, will have become the latest to discover.

Typically, he couched his misgivings not in military terms but based them on the argument that technological advances should not be allowed to endanger international, indeed human, relations between East and West. For Herr von Weizsaecker, once described as a man who "has lived tolerance," is above all an enlightened conservative, in his own words constantly inquisitive, and possessing an acute sense of history, above all of Germany's own.

In part, this stems from his background. Born the son of a diplomat, in the Stuttgart of 1920, he subsequently attended the universities of Oxford, Grenoble and Goettingen before gaining experience in the different worlds of business, church and banking affairs.

Most of all perhaps, however, the broad view comes from the three years he spent, immediately before he became Head of State, as mayor of Berlin, the divided city which remains the symbol of Germany's unhappy recent past and its still uncertain future.

For all the curbs on their authority, modern West German presidents have tended to catch the spirit of their times—and who better than Herr von Weizsaecker to embody the revived debate about West Germany's position in the world, and its ties with the other German state in which West Berlin is embedded?

It must be said too that the attention he now attracts is a reflection of the contrast between his own obvious patrician culture and the pedestrian flavour of the current Government

And for all the carefully ventilated reports of Chancellery annoyance at the President's independent ways, it can scarcely be suggested that Herr von Weizsaecker has enlarged the real powers of his job. Nor is it likely that with his sense of history he would ever want to.

The wretched experience of Weimar, and the excessive power then invested in the office of president, have seen to it that the modern post is primarily a figurehead, atop a constitution already rich in the checks and balances of federalism. But as Herr von Weizsaecker is starting to show, that does not mean that an incumbent must always hold his tongue.

W. German jobless total falls to 10%

By Peter Bruce in Bonn

WEST GERMAN unemployment dropped last month, to 10 per cent from 10.4 per cent in February, according to provisional Government figures released yesterday. The jobless total, however, at 2.47m, remained well above the 9.6 per cent unemployment rate of March last year.

Although Government politicians expressed their satisfaction with the latest figures, trade union leaders warned that Bonn's hopes of achieving a cut of 100,000 in dole queues this year were "built on sand."

The Federal Labour Office, repeating an explanation offered in January and February, said the fact that unemployment remained deeper than a year ago could also partly be explained by bad weather. It also said that a continuing slump in the building market was distorting the effects of a general recovery in the capital goods sector.

To an extent, this was supported by yesterdays' simultaneous announcement that industrial production in January and February had risen 0.5 per cent above the same time last year, with a 7 per cent gain in capital goods but a disastrous 36.5 per cent slump in construction activity.

Seasonally adjusted total industrial production in February rose 10.7 per cent over January. That is, however, an increase of only 0.3 per cent over February 1984. The Government will be hoping that industrial order figures due today will finally show signs of a recovery of investment in the domestic market where orders are still trailing far behind exports.

Magistrate attacked

Judge Carlo Palermo, a well-known Italian magistrate whose investigations into drugs and arms smuggling last year began to touch upon members of the Socialist Party, was yesterday wounded in a car bombing in Sicily which left three by-standers dead and several policemen hospitalised, Alan Friedman reports from Milan.

OVERSEAS NEWS

Bhopal plant hit by fresh poison leakages

LIQUID chlorine has spilled from the pesticides factory in Bhopal in central India where 2,500 people were killed in last December's poison gas disaster, a spokesman for the Indian owners said yesterday, Agencies report from New Delhi.

Indian newspapers reported earlier that at least three people were injured by two fresh gas leaks at the plant and that hundreds of others living in a shanty-town nearby fled in panic.

The factory, owned by the Indian offshoot of Union Carbide of the U.S., was the centre of the world's worst industrial disaster on record on December 3 when methyl isocyanate gas burst from the plant and swept through the city. About 125,000 people were injured.

Asked for his reaction to the newspaper reports, Union Carbide India's vice-president Mr K. Kamdar said in Bombay that poisonous liquid chlorine had spilled while it was being transferred from the *factory into tankers on* Thursday night.

"It was a minor matter. No one was affected and no one was hospitalised," Mr Kamdar said.

The Indian Express newspaper reported that a factory spokesman in Bhopal said that fresh leaks of what he said was "chlorin" happened last Thursday night and early Monday.

The plant spokesman said they were brought under control with the use of water sprayed onto the leaking chemical.

The incidents occurred while about 100 tonnes of the substance were being transferred to tankers to be taken away and sold, he was quoted as saying.

Mr Kamdar said chlorine was poisonous and could affect a person's breathing. He said removal of the liquid was carried out in compliance with orders from local Indian officials.

Several U.S. lawyers have filed lawsuits against the U.S. multinational for compensation worth billions of dollars following the December disaster.

The Indian Government has said it will soon decide whether to file a suit on behalf of victims or pursue an out-of-court settlement with Union Carbide.

A chemical plant gas explosion in surburban Bombay killed three workers and injured four, city police reported today.

The Indian Express said the gas explosion occurred Monday, when the Vertos Chemical Corporation in Bombay started a trial run after a shutdown for repairs. The exploding gas was identified as methyl thcophine.

In another accident in a chemicals plant, five people were injured on Monday when a 20-year-old sulphuric acid factory of Rashtiya Chemicals and Fertilisers, a state-owned company, outside Bombay leaked gas and acid fumes.

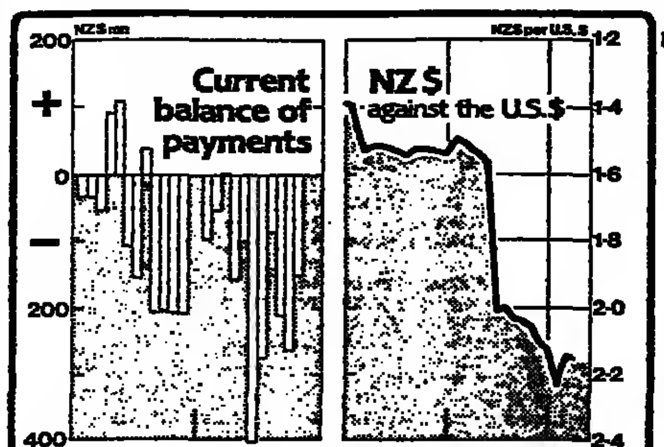
● The five high priests of the Sikh religion yesterday ordered the ostracism of Mr Buta Singh, India's Agriculture Minister and the only Sikh in the Cabinet, for disobeying their orders.

The Press Trust of India quoted an edict issued by the priests in the Sikh holy city of Amritsar as saying Sikhs should boycott Mr Singh and not allow him to speak at their meetings.

Dai Haywood reports from Wellington on rapid moves to a free market system

Labour takes lid off New Zealand's economy

THE NEW ZEALAND economy has undergone more radical and rapid changes in the last eight months than in the previous 10 years. The speed with which the Labour Government, and particularly hMr Roger Douglas, te Finance Minister, has moved to turn the economy from a highly regulated and protected one to a free, open, competitive, market-oriented system has upset some of the Labour party's rank and file and excited New Zealand's business community. However, as Mr Douglas himself points out, the Government has only done exactly what it said it would do.



In many ways it had no option. By the July, 1984, snap election the New Zealand economy was in serious trouble. The new Government was confronted with a sharply increasing balance of payments deficit, rapidly rising overseas debt, vanishing foreign reserves, a large budget deficit and rising unemployment and inflation.

Labour discarded traditional New Zealand solutions to such problems that were based on borrowing heavily from overseas while making minor "fine tuning" adjustments to the economy.

Following the immediate 20 per cent post-election devaluation last July, Mr Douglas, with the backing of Cabinet, moved quickly to implement a series of liberalising financial policies that involved removing exchange controls, lifting restrictions on interest rates, phasing out farm subsidies and the floating of the New Zealand dollar.

Much of the government's speed is explained by New Zealand's cycle of elections. The floating of the dollar was the culmination *of these measures* to remove constraints on the operation of domestic financial markets. It followed a period of extensive lending by banks and finance houses flush with the huge supply of foreign funds which flowed into the country after last year's devaluation and the lifting of domestic interest rate controls.

Mr Douglas has criticised trading banks for ignoring Government warnings and failing to restrain their lending levels. *Employing unfamiliar* techniques in this new financial environment, the Government has sought to tighten the money supply and keep a tight rein on liquidity. The result was a sharp increase in early March in interest rates. In the first week, overnight rates went to 100 per cent just as the March income tax payments created a demand for extra liquidity.

While about NZ$800m left the country in anticipation of a dollar float and a subsequent fall in its value, the currency has, after an initial volatile period, settled back at around its March levels.

In the immediate aftermath of the devaluation, interest rates for overnight and short-term money sky-rocketed, with some reaching 1000 per cent. As a result some speculators lost heavily.

The Government Reserve Bank finally intervened to ease liquidity and, although Mr Douglas denies that the Government did not deliberately set out to teach anyone a lesson, it is confident that there will be a long time before speculators again try to move against the New Zealand dollar.

The next six months will be crucial for the Government. Inflation is rising and, while Mr Douglas claims that it will peak in June at around 14 per cent, anything higher will expose the *Government* to widespread criticism, particularly from its own supporters.

An important regional Labour Party conference recently rejected a plea from both Prime Minister David Lange and Mr Douglas for full support for the proposed goods and services tax (equivalent to a value added tax). The conference demanded that food, clothing and essential services be exempt.

The Government will use the NZ$2bn revenue from the tax to reduce income tax and sales tax to try to improve living standards of the lower and middle-income groups, to increase consumer spending and to create more jobs. But this is some months away.

Before then New Zealand will pass through an extremely *difficult* period. Unemployment could rise again. The cost of living certainly will, and some business profits will be squeezed in a more fiercely competitive climate. Companies reporting profit increases of between 50 and 100 per cent for the first six months of the financial year are not likely to repeat this in the second.

If the Government can retain public confidence and support through the next six months, it should start to see some major benefits and results from its policies. The public could then give more support to Government pleas for wage restraint and its proposed tax reform. Meanwhile, New Zealand's new-look economy will have to prove itself.

Pressure mounts for South Africa sanctions

THE CAMPAIGN for economic pressure against South Africa was stepped up yesterday, Agencies report.

In Johannesburg, demonstrators marched on theoffices of Citibank to protest against the "indifference" of the U.S. bank and other foreign companies over the killings of blacks by police, and, in Stockholm, the spokesman for South Africa's leading political opposition organisation said disinvestment by foreign companies would not make the black majority's situation any worse.

U.S. Secretary of State, George Shultz Monday condemned the shooting of blacks by police in South Africa and urged Pretoria to negotiate with the black majority, AP reports from Washington. "Apartheid must end," Mr Shultz told a conference of 300 black U.S. college officials. "South Africa needs peace, not violence; dialogue, not confrontation and repression."

Meanwhile, the violent incidents following last month's Uitenhage killings continued yesterday, with a one-year-old black baby burned to death when a house was set on fire by a petrol bomb in rioting overnight in South Africa's eastern Cape. An official spokesman said riot police fire shotguns, rubber bullets and tear gas as crowds stoned police and army vehicles in black townships near four towns. Three policemen and three soldiers were injured by stones.

About 40 demonstrators slipped in the Citibank building singly or in pairs, assembled on a middle floor and then marched into the bank's headquarters on the twenty-second floor.

The protest marked a new tactic by the United Democratic Front (UDF) anti-apartheid coaltion, the largest black-rights movement in the country. For the first time, the protesters singled out a foreign company for failing to speak out against government policies affecting blacks.

After an hour-long meeting between five of the protesters and Citibank executives, a bank spokesman said that Citibank "remained committed to peaceful social reforms" and that it "finds apartheid morally unacceptable and deplores its continuation in South Africa."

Citibank *recently said it* would no longer lend money to the public sector in South Africa, but the bank is still actively seeking new private clients.

UDF spokesman, Mr Murphy Morobe, who is in Sweden at the invitation of the Swedish labour movement, told a news conference that a pullout by foreign company would not cause mass unemployment as so few worked in such companies and that it would be an effective protest.

Chinese strengthen patent law

Hundreds of Chinese and foreign businesses in China filed about 4,000 patent applications on the first day of a new law that aims to protect them against plagiarism and theft of *inventions*, according to a government report quoted yesterday by AP in Peking. "The time is now over when intellectual achievements could be exploited by anyone at will," Huang Kunyl, director-general of the Patent Office, told China Daily, the official English-language newspaper.

S. Korean exports up

South Korean exports on f.o.b. basis rose to $2.38bn in March, up from $1.87bn in February and $2.28b nin March last year, Trade Ministry officials told Reuter in Seoul. They attributed the rise to a recovery in exports of textiles, footwear and ships. However, total exports in the first three months of this year reached only $5.83bn, 7.7 per cent lower than in the first quarter last year.

Chad meeting mooted

French Foreign Minister Roland Dumas said yesterday that France would welcome a meeting between Chad's President Hissene Habre and rebel leader Goukouni Queddei, writes AP from Paris.

Cabinet reshuffle

Papua New Guinea's Prime Minister Michael Somare has reshuffled his Cabinet, Reuter reports from Port Moresby. Father John Momis, leader of the Melanesian Alliance Party in the country's new ruling coalltion, was appointed Deputy Prime Minister to replace Mr Paias Wingti, who resigned after losing his challenge for the leadership.

Lebanon sends more troops to defend Sidon

BY NORA BOUSTANY IN SIDON

ARMOURED personnel carriers were gathered at the Beirut International Airport yesterday to ferry Lebanese troop reinforcements to the embattled port city of Sidon, where army positions came under shellfire from Christian and Israeli-backed militiamen.

Syria urged Mr Amin Gemayel, the Lebanese President, to strengthen the poorly-equipped and outnumbered army unit in Sidon with the aim of seizing control of the town where Christian militias and the Israeli-formed South Lebanon Army (SLA) have been battling the regular army, Moslem fighters and Palestinian guerrillas, for much of the last two weeks.

At the behest of Syrian President Hafez Assad, the Beirut Government Tuesday decided to dispatch an infantry battalion and another battalion equipped with French and West German-made anti-tank missiles in the next 48 hours.

The violence in Sidon has triggered an exodus of thousands of families from villages on its eastern fringes and two Palestinian refugee camps. An estimated 40 people have been killed and 120 wounded in the fighting.

Moslem notables from Sidon have been pressing the central government for fresh troops and ammunition and have threatened there would be grave consequences if such assistance was not forthcoming.

● The French Embassy in Beirut announced the release yesterday of M Gilles Sydney Peyrolles, the head of the French Cultural Centre in Tripoli after eight days in captivity. He is the seventh Westerner to have been freed following a wave of kidnappings this year that intensified last month.

On Sunday, French Embassy secretary, Mde Danielle Perez, gained her freedom from the self-styled Khaibar Brigades, which still holds her father, M Marcel Carton, chief of protocol at the French Embassy. M Marcel Fontaine, the vice-consul, is still missing.

Israelis free detained Lebanese Shi'ites

HUNDREDS of detainees at the Ansar Prison Camp in southern Lebanon were being freed yesterday by the occupying Israeli Army, a military spokesman said in Tel Aviv, Our Foreign Staff reports. Most of them were Shi'ite Moslems.

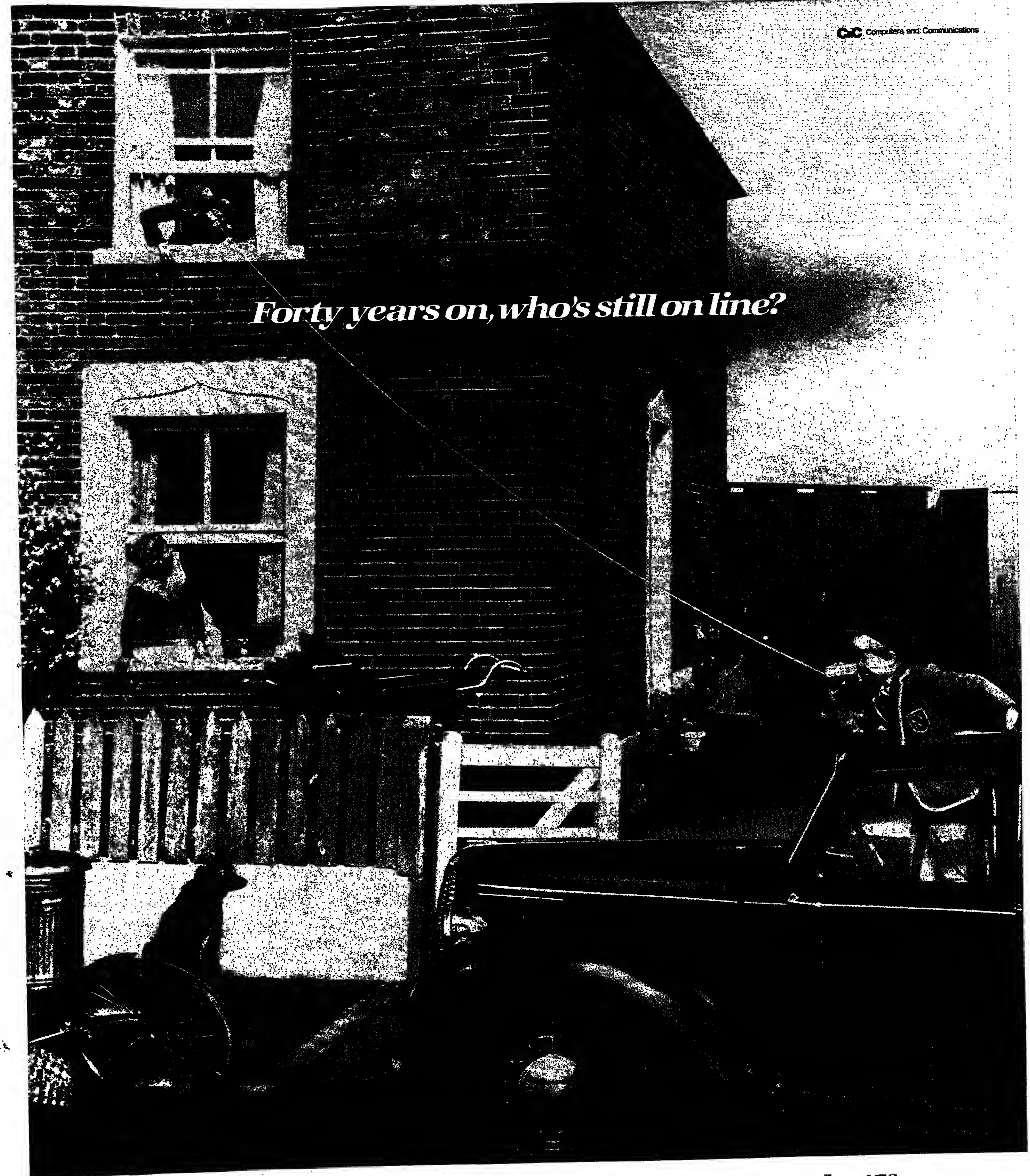
However, hundreds of others who are accused of taking part *in attacks against the army* were being transferred temporarily to a camp inside Israel, a communique said.

It said that, in a gesture aimed at improving relations with the people in southern Lebanon, the army was releasing members of "various terrorist organisations but (who) did not personally or actively participate in attacks against the Israeli Defence Forces or Israeli citizens."

Meanwhile, Defence Minister Yitzhak Rabin said yesterday that Israel did not intend to keep any troops in Lebanon after it completes its withdrawal and expects security to be maintained by local forces, rather than by UN troops.

Speaking to wounded soldiers in a Haifa hospital, Mr Rabin said that the withdrawal was being speeded up as much as possible and that all Israeli soldiers would be back inside Israel within "a short time."

● The slide in Israel's foreign currency reserves slowed dramatically in March, according to the Bank of Israel, the central bank. After falling by $282m in January and $135m in February, the drop for March was a comparatively low $54m. Nevertheless, the decline continues and reserves now stand at the dangerously low figure of about $2.1bn.


C&C Computers and Communications
Forty years on, who's still on line?

143

[redacted]

AMERICAN NEWS

Gorbachev agrees to summit with Reagan says White House

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR MIKHAIL GORBACHEV, the new leader of the Soviet Union, has agreed in principle to a summit meeting with President Ronald Reagan, but has given no indication as to when and where, U.S. officials said yesterday. Mr Gorbachev's message was understood to have been conveyed in a letter to Mr Reagan last week, which endorsed "the idea of a summit."

Mr Reagan, in an interview with the Washington Post yesterday, would not comment on the contents of Mr Gorbachev's letter, but said that he was "hopeful" that a meeting could be arranged. Administration officials said that they were expecting a more detailed Soviet reply in the near future.

Mr Reagan invited Mr Gorbachev to a summit meeting in the U.S. in a letter delivered by Vice President George Bush when he attended President Konstantin Chernenko's funeral in Moscow last month. Since then, Mr Reagan has suggested that a meeting could be held in September, if Mr Gorbachev decides to come to the U.S. to attend the opening of the United Nations General Assembly in New York.

Arrangements for a summit had been "clouded" by last week's shooting of U.S. army Major Arthur Nicholson in East Germany by a Soviet sentry, one official said. The Administration indicated, however, that preparations had reached the stage at which they could be activated at relatively short notice.

Mr Reagan repeated that while he was still angry at Major Nicholson's death the incident had made him only more anxious for a summit.

● Caspar Weinberger, the U.S. Defence Secretary, has launched the sharpest U.S. attack yet on the Soviet Union for the death of Major Nicholson, AP reports from Washington. He said yesterday that he considered the shooting a calculated act that amounted to an expression of Soviet policy.

Mr Weinberger likened the shooting to the Soviet Union's 1983 destruction of an unarmed South Korean airliner and said he couldn't accept the idea it resulted from a single trigger-happy sentry."

Duarte set to revive Salvador peace talks

By David Gardner in San Salvador

EFFORTS TO bring peace to El Salvador are to be revived now that President Jose Napoleon Duarte has emerged strengthened from Sunday's National Assembly elections.

The talks with Left-wing insurgents that Sr Duarte began in mid October, but which were broken off after a second round at the end of November last year, are likely to be continued next month, once the new National Assembly is sworn in.

Sr Duarte's ruling Christian Democrats were still claiming an overall majority in the assembly yesterday, and victories in 200 of the country's 262 municipalities, though the official vote count had yet formally to begin. The ruling party bases its claim on its own returns and an exit poll conducted by a Mexican-owned U.S. TV network, both of which proved accurate in last year's presidential election.

Their far right opponents, who now stand to lose control of an assembly they dominated for three years, have cancelled a series of what presumably were to have been victory Press conferences, and gone to ground. But they are not conceding defeat and are still expected to challenge the results through the electoral council which they control. Major Roberto D'Aubuisson, the extreme right's standard bearer in these elections, was reported by colleagues to be resting.

New peace talks are likely to involve a series of meetings with insurgent leaders to try and hammer out a minimum basis for agreement prior to a new "third round" proper, according to a senior Duarte aide closely involved with the peace initiative. "If we come away from a third public meeting with nothing to show for it that will be the end of dialogue," he said.

A likely Government condition for new talks is that they be attended by Sr Joaquin Villalobos, the leader of one of the two principal guerrilla factions, the Peoples Revolutionary Army (ERP). One of the main question marks against the peace initiative has been the ambiguous attitude of Sr Villalobos,

Sprinkel sees no scope for money supply boost

BY STEWART FLEMING IN WASHINGTON

MR BERYL SPRINKEL, the man nominated by President Ronald Reagan to take over as chairman of the President's Council of Economic Advisers, said yesterday that he sees no scope at present for the Federal Reserve Board to ease monetary policy and accelerate the growth of the money supply.

At the opening of his confirmation hearings before the Senate Banking Committee, Mr Sprinkel, an avowed monetarist said: "I am not concerned that monetary policy at present is too expansive, but also I do not think there is much room—there is no room—to further accelerate monetary growth at present." There had been signs of a slowing of monetary growth in the past three weeks and the Fed would be aiming at the top end of its target range, he said.

Mr Sprinkel's firm monetarist orthodoxy will disappoint some Fed critics who would like to see the central bank encourage more rapid growth in the economy in view of the recent "flash" estimate that real gross national product grew at a sluggish 2.1 per cent annual rate in the first quarter.

Mr James Baker, the Treasury Secretary, in a speech in New York on Monday night, added his voice to those Administration officials expressing scepticism about whether the Commerce Department "flash" GNP estimate is an accurate reflection of the underlying momentum in the economy. He also questioned the Department's prediction that inflation in the first quarter would run around the 5 per cent level, saying most private economists believe the estimate overstates inflation.

U.S. institute calls for special IMF crisis facility

BY STEWART FLEMING IN WASHINGTON

THE CREATION of a special facility within the International Monetary Fund (IMF) to help insulate third world borrowers from a renewed surge in world interest rates is one of several new steps recommended by the Washington-based Institute for International Economics to help resolve the international debt problem.

The institute, an economic policy research organisation, also calls on international banks to ease the terms on their existing loans to major borrowers as they have done for Mexico in response to progress in the borrowing countries' economic performance.

The institute says that the less fraught atmosphere in financial markets currently should be used to work on contingency plans to head off another debt crisis, which could erupt if another global recession strikes, interest rates rise or protectionism increase.

In this context the study says that the first line of defence should again be the provision of fresh bank credits to countries with effective adjustment programmes, but that if necessary the retroactive capping of interest rates at levels prevailing prior to any new interest rate upsurge and even the outright capitalisation of part of interest due should be examined as part of such contingency planning.

The institute's report follows the release earlier in the week of a letter to the chairmen of the policy-making interim committee of the IMF and of the joint IMF/World Bank development committee by the Institute for International Finance, an agency backed by 189 of the world's leading international banks.

In the letter, the IIF strongly rejects the view that the banks are seeking to pull back from international lending. However, the banks "cannot be expected to contribute to development financing in the excessive proportion of the late 1970s." Since 1978 the share of developing country borrowers' debt owed to banks has risen to 70 per cent, he says.

The letter expresses concerns over the dangers higher interest rates or a global economic slowdown could pose to the stability of the international financial system, but the bank sponsored organisation warns against concessions on interest rates as a means of alleviating the debt burdens of developing countries. "It would be dangerous to single out interest payments among the various components of the debtor countries' obligations," it says.

It calls on the World Bank and other multi-national development banks to play a bigger role in financing developing countries. It also calls for increases in official government to government finance.

Mr Andre de Lattre, the managing director of the IIF, rejected the idea that the IMF should set up a special facility to help compensate borrowers for surges in interest rates. But he made it clear that the banks backing the IIF are becoming increasingly concerned about the fact that by the end of 1985 significant borrowers from the IMF will have exhausted some two thirds of their access to IMF resources under the IMF's conditional facilities.

Bernard Simon looks at the detail of Ottawa's new pricing and taxation agreement

Curtain drawn on Canada's bitter energy row

THE NEW energy pricing and taxation agreement between the Canadian Government and three western producing provinces firmly draws the curtain on one of the most divisive and turbulent episodes in Canadian business history.

By dismantling most of the contentious 1980 National Energy Programme (NEP), the Western Accord, as last week's agreement has grandly been named, opens the way for increased investment in Canada by both foreign and local oil and gas companies. It also gives a boost to the economies of the western provinces, notably Alberta. The west was the main victim of the NEP's diversion of tax revenues from the provinces to the Federal Government, and its encouragement of oil and gas activity in the Arctic and off the east coast.

Oil and gas share prices posted their biggest gain in two years on the Toronto Stock Exchange last week, shrugging off the uncertainties of the international energy market. Industry analysts estimate that the new taxation and pricing regime will add 3-4 per cent to this year's earnings of Canada's largest integrated oil companies, like Imperial Oil (an Exxon subsidiary), Texaco Canada and Gulf Canada. Profits could rise by another 10 per cent in 1986.

Some industry watchers caution that the short-term impact on economic activity may not be dramatic. Mr Bill McGee, oil industry analyst at the securities firm Nesbitt Thomson Bongard, predicts that the new regime will at least encourage a move to Canada by many small, independent U.S. producers, who have recently cut back drilling activity at home.

The Western Accord sets a firm timetable for eliminating an assortment of punitive taxes imposed by the previous Liberal government during the heady oil and gas boom of the late 1970s and early 1980s. It also takes advantage of the present weakness of oil markets by loosening official controls on domestic and export oil prices.

Deregulation of natural gas prices (currently set at 65 per cent of the domestic crude oil price calculated by thermal equivalent) has been postponed until producing and consuming provinces can resolve their conflicting interests.

A cornerstone of the NEP, the 12 per cent Petroleum and Gas Revenue Tax (PGRT), will be dismantled in four stages between next January and the beginning of 1989. This measure alone will lighten the industry's tax burden by about C$9bn (£5.3bn) over the next five years. The tax was the main target of corporate anger with the NEP. Imperial Oil alone paid C$150m in PGRT last year, compared with zero in 1980.

While the tax is being phased out, many companies will benefit from a provision allowing them to offset new exploration and development write-offs, not immediately usable to reduce income tax liability, against PGRT obligations. No PGRT will be payable on new wells.

OIL AND GAS COMPANIES ON TORONTO STOCK EXCHANGE 1975=1,000

1985	Integrated	Producers
Jan. 4	2,482	3,437
Jan. 11	2,484	3,557
Jan. 18	2,469	3,590
Jan. 25	2,623	3,702
Feb. 1	2,694	3,814
Feb. 8	2,791	3,893
Feb. 15	2,785	3,928
Feb. 22	2,686	3,876
March 1	2,761	3,837
March 8	2,787	3,229
March 15	2,781	3,784
March 22	2,899	3,843
March 29	3,026	4,168

The artificial distinction between "old" oil discovered before 1974 (which has hitherto fetched a fixed wellhead price of C$29.75 a barrel) and "new" oil will be scrapped from June 1, allowing prices to be negotiated between producers and buyers.

The Petroleum Incentive Programme (PIP), a costly and discriminatory system of grants designed to encourage exploration and development by Canadian-controlled companies in the frontier areas, will come to an end next March. Existing PIP commitments will continue until December 1987 to avoid pulling the rug out from under some Canadian companies, like Bow Valley Resources and Husky Oil, which have come to depend heavily on Ottawa's largesse to fund their expansion.

The new measures will be of greatest benefit to foreign-controlled producers. Despite the late Liberal government's efforts through the NEP to strengthen the local presence in the oil and gas industry, the multinationals remain in the strongest position. Canadian companies like Dome Petroleum, Turbo Resources and Sulpetro were encouraged by the NEP to expand rapidly, only to find themselves burdened with unmanageable heavy debts when oil prices fell and interest rates rose.

The Conservative Government, in office since last September, is also committed to greater Canadian participation in the oil and gas industry. At the same time, it appears to recognise that the multinationals remain the engine for future growth and investment, at least in the short term.

The well-established multinationals will gain most from removal of the dual pricing structure. About 55 per cent of Canada's oil output is now classed as "new" oil, receiving a price slightly higher than present world market levels.

But companies like Texaco, Gulf, BP and Shell produce mostly "old" oil. Only about 37 per cent of Texaco's production, for instance, is "new" oil.

The removal of the PIP grants, which have totalled C$4.1bn in the past three years, will hit Canadian-owned companies hardest. The grants, which reimburse up to 80 per cent of frontier drillings costs, are tied to the level of Canadian ownership of applicants. The state energy company, Petro-Canada, Dome Canada and Husky Oil have been the biggest recipients.

Ottawa is considering new tax-related incentives to compensate these companies for the loss of PIP grants, and to ensure continued exploration in the Arctic and off the East Coast. Investment in these two areas is expected to reach $C3.2bn this year, compared with only C$700m in 1979 before the PIP grants were introduced.

The Western accord leaves a number of questions unanswered. The Federal Government will lose substantial tax revenues as a result of the elimination of PGRT and other levies. The Canadian ownership special charge, levied to finance Petro-Canada's take-over of the Belgian energy group Petrofina's Canadian assets, brings in about C$1bn a year.

Phasing out the PIP grants will offset some lost revenues, and the Government hopes that increased activity in the oil and gas industry will generate higher corporate income taxes. But a substantial shortfall remains at a time when Ottawa hopes to make some progress toward trimming the wide budget deficit.

It is a fairly safe bet that Mr Michael Wilson, the Finance Minister, will ask consumers to make up the shortfall in the form of higher excise taxes on petroleum products when he presents his first budget towards the end of May.

WORLD TRADE NEWS

ECGD backs D-Mark loan to E. Germany

By Christian Tyler, Trade Editor

BRITAIN'S Export Credits Guarantee Department has broken new ground by guaranteeing a floating rate D-mark trade loan to East Germany.

The DM 20m (£5.2m) general purpose line of credit for Deutsche Aussenhandelsbank is being financed by a syndicate of British banks, led by Lloyds. It is to support British exports of capital goods and services.

Most ECGD guarantees for capital goods exports are on loans at fixed interest rates agreed by member nations of the Organisation for Economic Co-operation and Development under the so-called consensus system.

To benefit from the East German line announced yesterday, contracts must be placed before March 11 next year and be worth at least DM 75,000 or the sterling equivalent, the ECGD said.

Small business export awards

By Our Trade Staff

FIVE COMPANIES have won £5,000 each in British export awards for small businesses. They collected their prizes yesterday from Sir Geoffrey Howe, the oFreign Secretary.

One of the winners, Inverallan Knitters of Clackmannanshire, Scotland, employs only two full-time staff to manage 2,000 homeworkers knitting garments for sale mainly to Japan and America.

Another winner, Greenfields Exports, of Bromsgrove, Worcestershire, has three employees and sells pedigree livestock.

The other winners were Bloomer Electronics of Portadown, Co Armagh; Denford Machine Tools, of Brighouse, W. Yorks; and Witton Chemical, of Bury St Edmunds, Suffolk.

The awards are sponsored by the British Overseas Trade Board, British Caledonian Airways, the Midland Bank and Thomas Cook. There were 225 entrants this year.

Chris Sherwell looks at problems the Swedes have faced in helping run a pulp project in Vietnam

A paper mill's tale of trial and tribulation

ONE HUNDRED bumpy kilometres north-west of Hanoi, standing prominently above peasants in greening paddy fields, is a most singular industrial development: a Swedish-financed pulp and paper mill. It is the biggest aid project backed by a Western country in Vietnam, and reputedly the biggest such mill in Southeast Asia.

The story of its establishment is a tale of trial and tribulation, illustrating perfectly the problems and rewards for a Western government of assisting one of the world's poorest but hardiest people.

Officially the project is known as the Vinh Phu pulp and paper mill, after the province in which it is located, but everyone calls it Bai Bang, after the local village. Agreed between the two countries in 1974, before the war to reunify the country ended, it has continued despite Vietnam's invasion of Kampuchea in 1979 and finally came on-stream in 1982.

The project is designed to develop Vietnam's forest industry. It involves felling trees in an area near the Chinese border, transporting them south to the mill by the Song Lo River and by road, pulping the timber, and manufacturing writing and printing paper to help meet the needs of Vietnam's 60m people.

But at SKr 2bn (£185m), Bai Bang has cost far more than originally planned. It has also required a far greater number of Swedish experts than expected, taken far longer to get implemented and is currently operating below 50 per cent capacity. On a cost-benefit analysis, returns are reckoned to be close to zero.

Vietnam's limited experience with large, technically advanced plants, its poor infrastructure and lack of trained manpower have been enormous obstacles. Because the Vietnamese contribution was less than hoped, more Swedes had to be taken on in executive roles and costs soared.

One particular problem has been the forest project, in which 250,000 hectares of forest, set in a vast 800,000 hectare area, is being used as the source of bamboo, styrax and manglietia from which the paper is being made. Later, after planting and maturing, eucalyptus and pine will also be used.

The difficulty was that, while there was enough raw material in the forest, not enough initially reached the mill—only 60 per cent according to Mr Trinh Ba Minh, its director. This was because access roads were not built in time, despite urging from the Swedish advisers.

Part of the problem, it seems, was persuading relatively autonomous provincial authorities to act in time, as well as co-ordinating different government departments. The Swedes have had to deal with the Ministry of Foreign Trade, the ministry's Technoimport trading company, and the Ministries of Light Industry, Forestry and Construction, as well as the Vinh Phu provincial authorities.

The paper mill eventually started trial runs in 1981 using Swedish imported pulp, and produced 7,000 tons of paper. The following year it produced 11,000 tons, and in 1983 it generated the same amount but using Vietnamese pulp after the commissioning of the pulp plant.

With the raw material supply problems apparently over, the aim in 1985 is to increase still further last year's improved production of 18,700 tons, taking output to 24,000 tons. Even this will still be below half the 55,000-ton design capacity, which will now only be reached in 1990 — eight years after inauguration rather than the more usual 4-6 years seen elsewhere.

Other problems meanwhile continue to intrude. The plant recently was out of action for three days because the lime kiln needed repairing. Other equipment, according to Mr Minh, is simply unsuited to local conditions. In the case of inadequate riverside wood-handling equipment, however, the problem is that the tree-fellers upstream have been neglecting to cut correct timber lengths.

The wood-cutters themselves have also been the subject of controversy. A recent report by the Swedish International Development Authority (Sida), the foreign aid agency which represents Sweden in the project, accused Vietnam of forcibly recruiting forest workers and making them work under miserable conditions.

Yet the investment of so much money and prestige by Sweden has not been totally wasted. About 80 per cent of the SKr 1.67bn spent in the investment phase up to August 1982 went back home in the form of contracts to Swedish companies, for consultancy, equipment and management. Stockholm has also acquired a special relationship with Hanoi unlike that of almost any other Western country.

The Swedes have spent another SKr 326m in the so-called operational phase since 1982, 30 per cent of it on the forestry project. But their financial contribution is scheduled to decline over the next five years, falling from SKr 80m this year to just SKr 3.8m in 1990. The Vietnamese have spent 850m dong (only a few million dollars at realistic exchange rates) since the start, the bulk of it since 1982.

Sida's next step is to hand over the project completely to the Vietnamese. Currently 92 expatriates, mostly Swedes, are working on the project, after a peak of 582 in 1980. By 1987 the number will be down to 40. Altogether the mill employs 2,730 Vietnamese.

Mr Minh hopes that by 1988 the mill will then be meeting two-thirds of Vietnam's needs for writing and printing paper.

It must be noted that Vietnam uses an estimated 1kg of paper per person per year; Sweden's consumption is 220 kg.

Some people now believe the mill was wrong in its original conception—that such large, complicated projects are near-impossible to implement successfully in a centrally-planned socialist economy such as Vietnam's.

The judgment may well be right. But with the mill at last up and running, a different view is also taken. Not only are the Vietnamese now producing paper; they are also learning how to use more sophisticated technology and developing management skills.

Importers to have new financing scheme

By Tom Sealy

An import financing scheme which uses invoice factoring instead of conventional bank borrowing is being put together for British importers by Regent Factors and the confirming house S. H. Lock, a sister-company.

According to Regent's managing director, Mr Norman Clifford, the scheme is a new technique and will be particularly useful to seasonal import businesses or companies importing new product lines.

In domestic trading, factoring is a well-established alternative to bank borrowing. In such business, the factoring company makes available to its client an agreed percentage of the face value of invoices as soon as they are issued.

The factoring company then takes over the administration of the invoice. When they are paid by the client's customers, the balance is passed on to the client on the money advanced at a rate comparable with bank overdraft rates.

Regent Factors and S. H. Lock have taken this concept and reversed it to take over the client's liability to its foreign supplier as well as the customer's liability to the client.

Under the scheme, S. H. Lock confirms payment to the supplier either by opening a letter of credit or by paying the customer direct.

When the client delivers the finished goods to his customers, Regent Factors purchases the debt and makes an immediate percentage payment (usually 75 per cent).

Part of this, depending on margins, is used to clear the liability to S. H. Lock. Regent then administers the sales ledger as in normal factoring. When the customer pays, the balance, less charges, is paid to the client.

The scheme should be particularly useful to importers who have to process or store their imports before they can raise invoices and derive income from them.

As the scheme allows up to 150 days for a transaction against the 90 days usually associated with a trade bill, the scheme could be a useful hedge against high interest rates and volatile exchange rates.

"The advantage of the scheme," says Mr Clifford, "is that it enables importers to get finance that would otherwise not be available.

Romania offers aircraft abroad

BY DAVID BUCHAN, EAST EUROPE CORRESPONDENT

ROMANIA is now offering its British-licensed Rombac 1-11 passenger aircraft for lease abroad or for sale as executive jets to Western businessmen in a redoubled effort to recoup on the country's single most expensive and ambitious industrial project.

So far, it has faile dto win any foreign orders. Four Rombac 1-11s, with airframes constructed under licence to British Aerospace (BAe) and Spey engines made under Rolls-Royce licence, have been sold, two to complement President Nikolae Ceausescu's personal fleet, and two to Tarom, the national airline, which has contracted to take at least nine more.

Mr T. Zanfirescu, director-general of CNA, the company which is making the aircraft at Banasea airport outside Bucharest, said in a recent interview that Tarom was now negotiating with some Asian airlines about the possibility of their leasing some Rombacs. Tarom, which evidently has personnel to spare, is apparently keenest on providing so-called "wet" leasing, that is, with pilots and crews included.

Another option is the interest expressed in the U.S. in converting the Rombacs into long-range executive jets. This involves using much of the baggage space in the aircraft, which is designed for up to 120 passengers, to hold extra fuel to give it a 5,000 kilometre range, Mr Zanfirescu says.

However, this would entail getting the Rombac certified by the U.S. Federal Aviation Administration (FAA) — and remedying the potential noise problem of the Spey engines.

With "hush kits," the Spey engine can just meet the new noise limits due to come into full force at Western airports at the start of 1988. But Romania is still angling to try to get the licence to produce Rolls-Royce's new and quieter Tay engine, which the UK aero-engine maker has so far proved unwilling to grant.

The problem, as Mr Zanfirescu sees it, is that Rolls-Royce, which is still only testing prototypes of the Tay, does not want to licence abroad manufacturers of the new engine until it has made a fair number of the itself.

But Romania sees the Tay engine as vital to the longer-term future of its Rombac project.

The Austrian Government decided yesterday to buy 24 Swedish interceptor aircraft, but immediately set off a row over where they will be stationed, Reuter reports from Vienna.

The Cabinet has chosen the Saab J-35 Draken ahead of three other rivals. But in Styria, where the aircraft are to be based, a referendum is being demanded "on environmental grounds."

Swiss export risk premiums up

BY JOHN WICKS IN ZURICH

PREMIUMS for Switzerland's export risk guarantee scheme were yesterday increased by over 40 per cent as part of a programme to reduce the programme's recurring deficit.

The fee structure has been altered so that users will pay a basic premium of 1.1 per cent of the guaranteed sum, which is usually about 80 per cent of the contract value.

This will cover the first six months of the contract's duration. A further 0.08 per cent will be charged for every further six months or part of a six-month period, and this additional fee will increase to 0.16 per cent for each full or partial half-year five years after delivery.

At the same time, it has now become impossible to guarantee against foreign exchange risks. This coverage has hardly been called for, since the Swiss franc descended from its record levels of the late 1970s, but in previous years had led to substantial losses by the guarantee department.

The Swiss Association of Machinery Manufacturers (VSM) has complained that there has been no increase in the share of contract values which can be insured with the department.

This is seen as continuing the disadvantage experienced by Swiss exporters in comparison with their foreign competitors.

● There has been a considerable drop in foreign demand for Swiss construction services, according to the Swiss building industry association SBI.

The association, to which Switzerland's 16 leading construction companies belong, reports a 21.3 per cent fall in its members' foreign turnover in 1984. At the same time, new orders from abroad dropped by 22.6 per cent, with foreign orders on hand falling by as much as 33 per cent.

This has been largely offset by an improvement in domestic business, with new orders up 5.3 per cent and orders on hand up by 8.2 per cent last year. A further expansion is expected for 1985.

BOTB makes changes to cost-cutting plans

The British Overseas Trade Board (BOTB), the export promotion arm of government, has made some minor changes to cost-cutting plans following complaints by companies, our Trade Staff writes.

The board said that travel grants from 1986-87 will apply to the same countries as at present and that a company's first three appearances at an overseas trade fair or on a BOTB-sponsored mission, would attract 90 per cent of the present grant.

The changes would provide support over a longer market entry period than first proposed, the board said.

RESOURCES REVIEW

The bottom drops out of U.S. copper

By Nancy Dunne in Washington

THE once-powerful U.S. copper industry is sliding ever closer towards doom with the closure last Sunday of Kennecott Corporation's massive open pit copper mine in Bingham, Utah, the largest mine in the world.

If the draft report now floating around Capitol Hill from an interagency task force is correct, the already emaciated industry will shrink another 75 per cent before all that is left will be its skeletal remains.

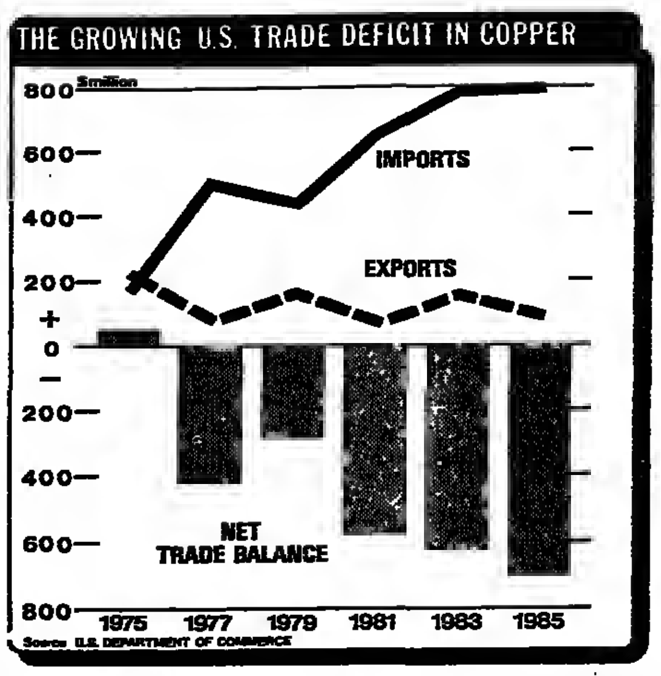
The industry's plight is visible in towns all over the west of the U.S., where thousands of unemployed miners have been unable to find other work. The Kennecott shutdown will lay off another 2,200 workers.

Hard on the heels of the Kennecott announcement last week of the mine closure, Phelps Dodge Corporation announced that its new copper smelter at Ajo, Arizona, would cease operations tomorrow for an indefinite period. It is the seventh closure in the last few years of the 13 western smelters.

Blame for the industry's troubles has been liberally distributed. Global supply is in excess. Demand has been steady or growing slowly as new materials are found to replace copper. Many of the richest U.S. reserves are depleted, leaving low-grade ore which is too costly to recover. Labour costs are high, and prices have been low.

Senator Pete Domenici, a New Mexico Republican, attributes copper's decline to policies of "government-owned foreign producers and lending by international agencies." He warns that "continuation of these trends will make our country dependent on potentially unstable suppliers."

A prime target of Senator Domenici and other mining state legislators is the International Monetary Fund, which they say provided the four major foreign copper producing countries — Chile, Peru, Zaire and Zambia — with $1.72bn in concessionary loans from 1975-1983 from its compensatory financing facility. The funds, they say, enabled American competitors to increase production when they should have made cutbacks during the last recession.



In 1981 the Bureau of Mines warned that the industry was on a serious slide. Profitability had been meagre, and imports were already taking their toll. U.S. environmental policies had forced mining companies to invest much of their capital in pollution control instead of modernisation.

Since then, the industry has tried to restructure. Companies have merged, pruned and diversified. Unprofitable mines were closed down, and cost-saving measures were introduced. Production costs fell 18 per cent between 1981 and 1984, according to the Bureau of Mines.

But productivity gains have not been enough. The U.S. producers are no match for the resource-rich, giant new mines in the developing countries, which employ cheap labour and use the latest recovery techniques.

Nineteen mines have been closed since 1981, reducing annual production by more than 500,000 tonnes. Operational cutbacks at mines still open have reduced output by another 300,000 tonnes a year. The closure of the Bingham mine, which has been operating at one-third its capacity, will cut annual U.S. output by another 73,000 tonnes.

In 1982, Chilean copper production surpassed the U.S. for the first time. Last year it produced an estimated 1.25m tonnes compared with about 1.05m tonnes mined in the U.S.

Meanwhile, U.S. refined copper imports, which as recently as 1979 were only about 10 per cent of domestic consumption, surged to 26 per cent in 1983 and according to Commerce Department projections, will reach 35 per cent in 1989.

The U.S. share of free world copper mine output has dropped from 23.5 per cent in 1975 to 18 per cent in 1984.

Industry losses have been phenomenal. The five major producers estimate they have lost more than $2.6bn since 1981. Kennecott alone reported losses of $50m last year and $40m in the first quarter of 1985.

Although domestic demand recovered after the recession, the strong U.S. dollar and imports have kept prices close to, what is in real terms, depression era levels. According to the Commerce Department, during the first eight months of last year, prices on the New York Commodity Exchange averaged 63.2 cents a pound, down 16 per cent from the similar period the year before and 4 per cent below the average price in 1982, a year of deep recession. Prices in recent trading are still in the low range of 60 cents.

Throughout last year, the Commerce Department reported domestic and world copper prices reacted only to bearish supply factors and ignored positive developments like improved demand, conflicts in Central America and the Middle East and political unrest in some foreign producing countries.

All the setbacks since 1979 have shrunk the copper workforce by 48 per cent to about 20,800. Such is the demand for jobs that the companies have been able to get tough. When Phelps Dodge workers went on strike last summer, the company employed blackleg and union dissidents. After much turmoil and violence, workers voted to decertify the union and take what wages and benefits they could get.

In October, Pennzoil's Duval subsidiary arbitrarily cut wages by 15 per cent, dropped cost-of-living adjustments and increased work time for all employees. When the chastened unions met the mining companies in January, they agreed to take wage reductions, but the deal fell through when management wanted still more cutbacks.

U.S. COPPER MINES' IDLE CAPACITY

Company	Idle capacity (tonnes)
Kennecott	220,000
Asarco	37,000
Phelps Dodge	26,000
Newmont	2,000
Magma	65,000
Inspiration	8,000
Quintana	20,000
Anamax	100,000
Amoco Minerals	126,000
Arco-Anaconda	190,000
Copper Range	54,000
Duval	35,000
Hecla	5,000
Noranda	12,000
Sharon Steel	20,000
Total idle	920,000
Total capacity	1.815m

Although influential Congressmen in the Mid-West have sought various measures to aid the industry, the Reagan Administration has consistently resisted pleas for help. In 1982 they backed legislation to order the purchase of copper for the government strategic stockpile, but the measure never reached the President's desk.

The stockpile is still 971,000 tonnes short of its goal for copper, but stockpile managers want to use their funds to purchase cobalt and bauxite, since these metals are not widely available in North America. Despite the loss of many U.S. mines, they figure they can easily obtain copper from Canada or Mexico.

A special task force, appointed by Mr William P. Clark, the former Interior Secretary, late last year recommended that a U.S. metals stockpile should come under the auspices of a quasi-governmental corporation which, it argued, could more efficiently run a minerals policy than the Government. However, that idea, as well as many others to aid the industry, has never been put into practice.

Last summer the International Trade Commission ruled unanimously that the industry had been hurt by imports, but the President rejected quotas or tariffs. Westerners, claiming that the President had assisted the steel industry for its electoral votes before the election while refusing to help the less populous mining states, asked the Administration to negotiate production restraints with Chile, Peru, Zaire and Zambia. The President refused.

A provision passed in last year's Trade Act required that the Trade Representative's Office assess the possibility of production restraints. The report, still to be released, is believed to cast doubt on the Administration's ability to monitor such limitations, even if the U.S. is capable of twisting arms for an agreement.

Now Senator Domenici and Congressman Morris Udall, an Arizona Democrat, have introduced the "National Copper Policy Act of 1985" to "give the President the mandate he needs to initiate a voluntary production restraint agreement to save the U.S. copper industry."

They claim they have the votes for passage and the sympathy of their colleagues who are "fed up" with the losses endured by the U.S. copper industry. However, the President does not "need" a mandate to negotiate restraints. And it is very unlikely that he wants one.

The next Resources Review will look at the Chilean copper industry.

UK JOB CREATION

A battling alliance

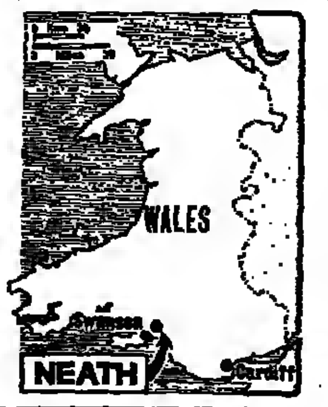
By Robin Reeves, Welsh Correspondent

UNEMPLOYMENT in Neath, South Wales, today stands at 16.3 per cent—a figure well above the national average but considerably less than that projected in the early 1980s when the area's biggest employers had just announced major redundancies and closures.

Much of the credit for this is due to the Neath Development Partnership—an alliance between the private sector led by the International Thomson Organisation and the public sector in the form of Neath Borough Council. Set up in November 1981 on the suggestion of the CBI's Special Programmes Unit, its aim was to put a recession-hit local industrial economy back on its feet.

A crude measure of Neath's problem, as the Neath Development Partnership came into being, was an unemployment rate which had soared from 5.8 per cent in 1978 to 16 per cent or some 4,500 in 1981. BP, Metal Box and, just down the road, BSC Port Talbot, had all instituted major redundancies, while Duport Steel at Briton Ferry and British Aluminium's Rheola works, at the top of the Neath Valley, had closed altogether.

Projections at the time suggested that Neath's jobless rate was set to increase to 19-22 per cent by the end of last year. The partnership's subsequent success in helping create 930 new jobs and 80 new trading activities over three years should be seen in the context of the difficulties of rebuilding a narrowly-based economy suddenly savaged by external forces beyond its control.



The Neath Partnership has differed from most enterprise agencies and trusts in being far more than a new business counselling service

The Neath Partnership has differed from most enterprise agencies and trusts in being far more than a new business counselling service with small factory premises to let to small businesses. It has worked closely with the Borough Council in exploring the resources of the local economy, identifying projects which could generate more economic activity, researching their commercial potential, and pinning down sources of finance, as well as assisting in their implementation.

A 12-strong team was built up quickly under the guidance of a Board of Directors drawn equally from among the councillors and officers of Neath Borough Council, and representatives of the Welsh Development Agency, the Wales TUC, the International Thomson Organisation, Metal Box, BP, and PA Management Consultants.

The full-time staff, led by Jeremy Filmer-Bennett, chairman, and John Carr, Business Development Director, both from the International Thomson Organisation, and Howard Britton, a Metal Box trade union official and local councillor, quickly identified three areas of activity offering a way forward—the provision of workshop units, the establishment of an Information Technology centre, and exploitation of the Neath Valley's tourism potential.

One of the paradoxes of the recent recession has been the sustained demand for small premises. At the outset in Neath, there were just 13 workshops under construction in one location. Today, there are 62 units providing employment for 249 people and a further 24 units in the pipeline. Some of these, it is hoped, will grow into the medium-sized local employers of tomorrow — so far 12 per cent of new businesses started under the aegis of the partnership have expanded.

More significantly, says John Carr, is the £4,000 cost of each job created in the workshops—a figure which compares with a national average, according to Department of Industry figures of £35,000.

The provision of an Information Technology centre (Itec) stemmed from Government enthusiasm for a network of such units throughout the country. But the Partnership provided the drive and the initiative to ensure that Neath became the first Itec to get off the ground in Wales.

With Metal Box providing the premises and administrative back up for 40 students at a time, Neath Itec has so far trained 120 youngsters in the new information technologies, of whom 75 per cent found jobs immediately, mainly with local employers.

Tourism was not entirely new to the area—a local entrepreneur had already established Penscynor Wildlife Park as a successful local attraction. The Partnership's designation as an MSC agency for job creation schemes was mobilised to the full on tourism-related schemes such as a piazza area for Neath Castle, a new outward bound Mountain Centre above Pontrhydyfen, a number of footpath walks, and the cleaning up of the Neath canal.

But it also set out to encourage local hotels, guest houses, pubs and cafes to upgrade their facilities. Carr calculates that £2.3m has been invested in this direction over three years, much of it with the Partnership's encouragement.

The Partnership's tourism strategy has been to consolidate a day visitor base up to 1986 and then try to encourage longer-stay visitors. A measure of progress is that the number of visitors to Penscynor has risen from 170,000 to 270,000 last year, making it the fourth most visited attraction in Wales, while the visitor numbers to Aberdulais Falls was up fourfold last year to 12,000.

The Partnership, meanwhile, has also suffered some setbacks. An ambitious scheme to develop a large dry ski slope and associated motel and cabin accommodation in the upper Neath Valley failed to attract the right management or the necessary capital. It is still hoped to revive the scheme with a local consortium.

The 1983 takeover of Thos Ward and Son's scrap metal wharf near the mouth of the river Neath, by North British Wharfage, provided an unexpected boost to local employment. The new owners are now developing the wharf as a non-registered port and foresee its trade growing to 1m tonnes a year, helped by the adjacent new Briton Ferry Industrial Estate.

After three years, the Partnership's original team is in the process of changing. John Carr has left to head up Wales' new historic monuments body, Cadw. Jeremy Filmer-Bennett is returning to the International Thomson Organisation in London, to be replaced as chairman by Keith Trimnell, a former Welsh Office civil servant.

They are leaving behind a Neath where there is a greater sense of economic direction, and a recognition that the community must rely far more upon its own efforts.

Building upon the work of the Partnership, the Borough Council recently unveiled a five-year development strategy which includes rebuilding part of Neath town centre and a series of environmental and tourism schemes at a total projected cost of £17.4m, of which £12.4m will have to come from the private sector. Another small but significant measure of Neath's improving economic confidence is that the Council has just decided to spend £260,000 over two years on boosting its image.

But there is a worry. The Government continues to insist that economic recovery is dependent upon a sustained cutback in public spending in general, and local authority expenditure in particular. The Neath Development Partnership's experience, on the other hand, has been that public resources and initiatives whether in the form of WDA land reclamation grants, Urban Development Grants, EEC funds or local authority spending are essential ingredients for attracting and encouraging private sector investment. The fear is that the sustained squeeze on local authority spending could end up stifling Neath's recovery momentum.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

National Coal Board

Management in extremis

John Lloyd talks to newly appointed operations director, John Northard

OF THE three National Coal Board area directors who had a good strike, John Northard is the invisible man. Michael Eaton of North Yorkshire was forced into high visibility by being substituted for Ian MacGregor as the Board's face and voice; Ken Moses of North Derbyshire gained nationwide fame as the ingenious strike breaker of a hard area. The first is to become personnel director, the second technical director.

Northard — who has been appointed the Board's new operations director in day-to-day command of the areas and their pits — sat up at Stoke on Trent, the headquarters of his Western area and was little heard of—at his own volition. But he, too had a good strike; it was noticed where it mattered, and he may go further yet.

The definition of a good strike in the tough times of the past year was based on a willingness to break old rules and customs and get results. Northard and his team of managers broke their strikes with a brilliantly opportunistic series of gambits which left the area unions reeling and which developed an alternative power structure in the working miners' groups.

It was not exactly text-book management but it *was* management *in extremis*. Northard, with his deputy director (mining) Jack Evans (who now replaces him), his industrial relations team Alec Jeavons and Brian Talbot, his area production managers and pit managers, carved out a new "right to manage" in the crudest of ways—by beating people who had organised themselves to beat them. Says Brian Talbot, the deputy industrial relations manager: "The strike was fought partly about the right to manage; now we have the chance to assert that right. But it's not a question of kicking them when they're down."

Northard was born in Pudsey in West Yorkshire; down the pits as a lad, he got his management training before nationalisation and was manager of Park Hill Colliery in North Yorkshire by the age of 28. At the end of the 1950s, he left for the East Midlands because he was keen to learn about the new mechanised mining which was being introduced there; a temporary stay turned into a permanent one.

He was given pit and area jobs all over the Midlands fields in the 1960s and early 1970s; in 1973, in his mid-forties, he fetched up as area director of North Derbyshire.

A few months after his appointment, a miners' official in his early forties became the National Union of Mineworkers' area secretary: Peter Heathfield, with a name already made for himself on the NUM left. The two men worked out a reasonable *modus vivendi*: Northard speaks highly of the present NUM general secretary's integrity, though not his politics.

Their main upset provides an illuminating little glimpse into the highly politicised world of the Coal Board. Soon after the accession to power in 1974 of the Labour Government, Northard shut a pit called Langwith. Denis Skinner, the new MP for Bolsover and a former member of the North Derbyshire miners' executive, created a great fuss and demanded that the Government put a stop to the closure plan.

Receptive

Eric Varley, then Energy Secretary, refused—even though he was a native son and a Derbyshire miner; but when he swapped places with Tony Benn, Skinner's pressures found a more receptive ear. Derek (now Lord) Ezra (the then chairman of the NCB) began to question the wisdom of Northard's decision and the North Derbyshire area executive sent the issue up to national level, resulting in a national strike ballot being called. Northard's luck held; the ballot was lost, with even the North Derbyshire men voting against strike action.

He was shifted to the Western area—an amalgam of the Lancashire, West Midlands, North Wales and Cumbrian fields—in September 1981, specifying the condition that he keep his Chesterfield house. He is driven every day the 40 miles between Chesterfield and Stoke, emptying his in-tray on the journeys.

Ray Hunter, Northard's predecessor, had known well enough that he had to reduce Lancs' losses by cutting back on its unprofitable pits; but that great son of Lancaster, Joe Gormley, was President of the NUM and had a close relationship with Ezra. Hunter had to be "canny with Lancs" closures.

Northard's luck operated again: soon after taking the area, Gormley and Ezra hung up their clogs and the inhibitions were largely lifted. Following a study of the Lancs field, Northard cut back on his biggest loss-maker, Bold.

His area's results improved in 1981-82 to a loss of £9.2m on a turnover of £412.3m. In 1982-83, the loss was £9m on a £426m turnover. He closed Victoria and West Cannock pits; he twinned Bickershaw and Parsonage; he put more money into the loss-making Agecroft and told the men that it could only succeed through their efforts. They told him that if it could be done, it would be.

Early last year, he proposed the closure of Cronton colliery, also in Lancs; it closed in March. And then the strike burst upon them; ballots in the area had shown the mineworkers against the strike—by 59 per cent in Lancs, 73 per cent in the Midlands, 68 per cent in North Wales. Sid Vincent, the Lancs area secretary, had appealed to his national executive for a national ballot to settle the issue one way or the other; at the NUM executive on April 12, he melodramatically told his colleagues that if there were no ballot, there would be a funeral in his area (his own).

"We knew from the ballot results that the men wanted to work," says Northard: "So we began at first to phone up the key people, the leading figures in the miners' communities. At Silverdale in Staffordshire, for example, a number of men had transferred to it—so we contacted them first.

"We started on the fringes of the fields (where solidarity was weakest). At Lea Hall we chartered private buses—organised it with the police—and got the working miners in through the lines."

But Lea Hall and Silverdale were only a little way off the M6 motorway—easy and accessible targets for pickets from Yorkshire and Lancashire. "The picketing was ferocious; but we got them through. In June we had a party of German mining engineers down Lea Hall. When we came out the police were just taking the afternoon shift out—and it all went so efficiently.

"When we got them in at Hem Heath, we had terrible trouble. Jim Colgan (the Midlands area secretary) and John Golding (the Newcastle-under-Lyme MP) sat down on the road in front of the buses." When the buses stopped the pickets threw bricks through the windows.

The battle round Hem Heath gates is remembered vividly by the pit's manager, John Belcher, and Alan Houghton, the North Staffs group production manager. The pickets had used the pit's big iron gates as battering rams, swinging them to and fro in the paths of oncoming vehicles. During one night, the two men used oxy-acetylene gear to cut them down.

Northard and his team then moved up to Lancs: "I was told in a meeting at Hobart House—you'll never get Lancs back. But we started at Parkside and Bickershaw and built up from there."

Bold and Sutton Manor on the outskirts of Liverpool share that city's tradition of gritty radicalism; they were the hardest to crack. At Bold, many of the miners live in an uncompromising estate known locally as "Cement City"; at Sutton Manor, most miners live in the community round the pit. Northard, like other area directors, found the strike hardest to break where communities enforced solidarity and discipline: his first strike breakers lived in the cities, away from the pits.

In North Wales, with only two pits, Northard tried some psychological warfare. One pit, Bersham, was working: Point of Ayr, the other, was strike-bound. He told the NUM area secretary, Ted MacKay, that he was concerned with the pit's future—part of the shaft wall had collapsed—if repair work was not done. The NUM sent for a union mining engineer from South Wales who agreed with Northard. But the North Wales men didn't want to let in safety men and thus break the strike; they proposed, first, that South Wales strikers do the work, then that private contractors come in. Northard refused both.

Worried by the possibility of the pit's closing for good, some 45 men went back. The pit decided to hold a ballot; with the noisy encouragement of a group of Lancashire strikers, the ballot was narrowly won for the union. But the victory was pyrrhic: a few days later, the majority went back.

Advocate

By the end of the strike, the area had about 90 per cent of its miners working. It was setting new productivity records and was getting more tonnage than before the strike. The area managers had brought the Silverdale New Mine into production; had reconstructed Sutton Manor; and installed new winding gear at Littleton. The area had been about to break even before industrial action started (it lost £37m on a £397m turnover in 1983-84 because of the overtime ban, imposed in November 1983, and the first weeks of the strike): it is now likely to do so. Says Roy Maitland, the area chief accountant: "The strike is like ripping out a page and starting again. We've had to write off a huge loss; but we can now start to be profitable once more."

Northard's reputation rests on more than simply that of a tough strike breaker. He has pioneered—and is an enthusiastic advocate of—a new transport system underground. His "Free Steered Vehicles" have replaced the tracked trains in six of his area's collieries. He had pushed the idea since he was a Midlands production manager, but had failed then to produce a working prototype. When, in the mid-1970s, then deputy chairman Norman Siddall put him in charge of a committee on underground transport, he was able to push his idea further. He put the first working system into North Derbyshire's High Moor pit in 1976—he claims the improvement in the safety record, and the cost savings, are there for all to see.

He will preach the system's virtues at an international mining symposium later this year—and his new post as operations director will clearly favour its further spread.

An austere, direct man who prides himself on his continuing close contacts with his men, Northard will now have the continuing and awesome responsibility for ushering in a new era in the pits.

John Northard: broke old rules to get results

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Managing agent

I should be most grateful if you are able to confirm that a landlord company of a block of flats cannot legally act as its own managing agent in respect of residents who are not members of the company. Neither can it be in a position to influence the managing agent who must be independent.

The position is not quite as you state. The landlord or an associated company can act as its own managing agent. It is very likely, however, that such an agent cannot certify service charges and may also be unable to recoup the fees as part of the service charge — in each case unless the leases expressly empower them to do so.

Leasehold valuation

Recently myself and five friends, one of whom is a builder, have acquired a large dilapidated house in London through an offshore company. It is our intention to refurbish this property in the form of six flats, one of which will be acquired by each of us at a price equal to cost. The building and refurbishment will be done by our builder friend.

As the price (cost) at which the leaseholds will be acquired by us from the offshore company is well below open market value, we are worried that the Inland Revenue may be able to disregard these and take an assumed open market value as a basis for assessing the offshore company.

We would be most grateful for any advice you may be able to offer on this problem and for any alternative mechanism for these circumstances that you can suggest.

Your worries are justified. We recommend that you seek professional guidance through the maze and minefield of anti-avoidance legislation.

There is nothing which we can usefully add, without far more detailed background facts and figures than could conveniently be contained in a letter.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Management abstracts

Studying Organisational Cultures. H. M. Trice and J. M. Beyer in The Academy of Management Review (U.S.), October 1984. 16½ pages.

Examines research on culture and organisational behaviour, criticises it for narrowness of focus, and advocates extending the study of cultural focus to encompass rites and ceremonials—rites of "passage," (such as induction and training procedures); of degradation and enhancement, renewal, conflict reduction and integration. Considers the implications of the typology for managerial practice.

Matching managers to strategies. A. D. Szilagyi and D. M. Schweiger in The Academy of Management Review (U.S.), October 1984 (12 pages)

Reviews current thinking and models for developing business strategies, arguing that it is not simply a question of formulating the right ones, but of choosing the right managers to implement them. Implies that lack of success is often a question of failing to give responsibility to the right people to carry it out, and suggests a framework for matching managers to strategies.

Computer-aided maintenance management. A. L. Wells in Chartered Mechanical Engineer (UK), Nov 1984 (5 pages)

Introduced as "an unabashed missionary article," discusses the theory and practice of corrective and preventive maintenance, suggesting that inadequate attention is paid to the "discipline" and advises on planning; maintains that not all features (even in an ideal comprehensive system) can be realised manually, and demonstrates the effectiveness of computerisation, with advice on system application; outlines operational benefits/costs.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p + p; cash with order) from Anbar, PO Box 23, Wembley, HA9 8DJ.

Temporary truce as Post Office softens hard line

BY DAVID GOODHART

THE PROSPECT of serious disruption to postal services appears to have been at least temporarily averted after an unexpected round of talks last night between management and union officials in the Post Office.

After five bours of talks the Post Office releoted slightly on its hard line over the immediate introduction of more part-time workers without union agreement.

There is now provisional agreement that the Post Office will hold off from increasing the number of part-timers until after the union's annual conference in May. It is understood that there will also be a strict limit on the number of part-timers recruited in the intervening period.

The Post Office, however, insists that the numbers will rise from 8,600 to at least 20,000, regardless of the outcome of that conference. Both sides conceded last nigbt that neither bad sacrificed any central principles in the wrangle over introduction of new working practices.

Previously tha Post Office bad taken the position that as the extended use of part-timers – the key issue in their reform package – had been rejected by almost 5 to 1 at a special conference last month, there was no point in waiting for the annual conference.

The lea-lership of the Union of Communications Workers, however, seems to have convinced management that it can persuade the conference to accept change on part-timers. It is by no means certain that the conference will change its mind but one promising indication for the leadership is the fact that the Glasgow brancb has shifted its position since the special conference.

The decision to recommend strike action in a ballot at the Mount Pleasant sorting office, however, in central London, will not be rescinded.

Yesterday the workers at Mount Pleasant, who struck for one day, agreed – in some cases reluctantly – to return to work pending the ballot. The four men suspended for refusing to operate an optical character recognition machine were reinstated

The ban on the operatioo of OCS was triggered by tha union because of the hreakdown of talks on Saturday. New technology, increased mechanisation and a new productivity scheme are all the suhject of near-final agreements. It bas only been the emotive issue of part-timers that has blocked agreement in a union which traditionally attracts considerable loyalty. The issue, in the eyes of many members, is now if the Post Office has the right to simply ignore the union.

JAMES MERGER CREATES ONE OF WORLD'S LARGEST INSURANCE BROKERS

Sedgwick forges its U.S. link

BY JOHN MOORE, CITY CORRESPONDENT

SEDGWICK GROUP, Britain's largest insurance broker, has beeo attempting to forge a link with a large U.S. broker for nearly seven years. Yesterday the hunt came to an and with the announcement thet Sedgwick is mergiog with Fred S. James, the world's sixth largest broker, in a deal which values James at about £547m.

In the world league of insurance brokers, Sedgwick and James are ranked fifth and sixth respectively. The alliance could move them into second place behind Marsh & McLennan.

Sedgwick's attempts to forge stronger link which prod world's insu involved two ander & Al world's seco tation with F largest broke discussions v under way a year.

Ironically, der is attemp with Reed St broker whicl The merger November, h though both s deal will even the Alexande house merger goes through, Sedgwick and Alexander will be jockeying for second place.

Both Mr Ken Young, the Post Office board member for personnel, and Mr Alan Tuffin, the UCW general secretary, said last night that agreement was possible. The deal will now be put to another special meeting of the UCW executive today and the two sides will meet again tomorrow.

At yesterday's meeting of the UCW executive – held before the talks – it was agreed to support a national ballot oo industrial action. If successful, action would then have been triggered wherever Post Office management imposed any part of their programme. Mr Tuffin said last night, however, that it would not now be necessary to go ahead with the national ballot.

Mr Dick Page, president and chief executive officer of James, summed up the James' philosophy behind the merger. "Although we are the fifth largest insurance broker in terms of revenue, we do not have the fifth largest book of business in the U.S. In North America we needed leverage, and the merger with Sedgwick will give us thet."

In the latest accounts of Transamerica Corporation, the U.S. financial cooglomerate which owns James, Mr Page said: "I believe that our industry is in a state of flux. We ing to see a polarisation big brokers are getting better, the small hrokers smaller, and the in-be n is disappearing."

spate of realignments e in the insurance bro unity has been stimu insurance underwriting e U.S., conditions in arkets have been ex petitive, premium rates alling, and as they bave have the commissions he brokers. The brokers erated by the insurers missions are calculated tage of premiums. rica Corporation red S. James in 1982. Although the operating profits have grown from $3.9m in 1982 to $12.4m and revenues have expanded, its future growin was uncertain in more competitive markets. The group also needed wider representatioo internationally to place large accounts for clieots.

Tha merger is taking place at a time when the underwriting cycle is said to be turning, with evidence of premium rates in insurance markets hardening. Brokers have heen reporting that it bas been difficult to place husiness as underwriters bave been turning away unprofitable business. The large brokers with big placing clout in the market have been scoring over the smaller hrokers, who have found it difficult to place business for clients.

For Sedgwick, the deal brings it closer to clients in the U.S. market through the James operations and will allow it to protect existing accounts through locally-based offices in the U.S.

The merger also strengthens hoth broking groups in a number of other areas. John F. Sullivan, the reinsurance broking operations of James, is second only to Marsh & McLennan's Guy Carpenter reinsurance broking activities. When added to the substantial reinsurance hroking activities of Sedgwick the combined operation will be one of the most powerful reinsurance intermediaries in the world.

James also owns a Lloyd's broker, Wigham Poland, which establisbed its reputation as a marine broker for Greek shipping fleets. The curreot malaise in the shipping world has led to a fall off in Wigham's core business and the merger will strengthen dramatically James operations in London.

For Transamerica the deal offers other possibilities. It will acquire a large strategic stake in Sedgwick, carrying 29 per cent of the votes of the enlarged Sedgwick Group, and 39 per cent of the equity.

Mr Frank Harringer, a vice-president of Transamerics, said yesterday that he hoped that Sedgwick and his group would be working together in the future.

Tha Sedgwick-James alliance also carries enormous significance for Lloyd's, the London insurance market. James, like all U.S. brokers, has channelled its London business through a range of large British brokers who have exclusive access to Lloyd's.

Now that James bas formed a link with a substantial London-based intermediary with extensive Lloyd's links, that business is likely to be channelled through the Sedgwick connection. That will put pressure on other London brokers who have not formed a close link with an American partner and possibly stimulate further mergers.

Miners' vote to end overtime ban paves way for pit talks

BY PHILIP BASSETT, LABOUR CORRESPONDENT

MINERS' DELEGATES yesterday paved the way for re-establishing relations with the National Coal Board (NCB) by voting by more than two to one to lift the Natiooal Union of Mineworkers' 17-mooth-old overtime ban.

The decisioo of a special delegates conference of the unioo in Sheffield makes the prospect of talks with the NCB possihle by as early as next week.

The talks would cover the two years' outstanding pay increases due to the union, pressure from the miners' unioo (NUM) for an amnesty for the 620 miners who were dismissed during the year-long strike, and the central question of pit closures.

The 122-74 vote at the delegate conference to approve an executive recommendation to end the overtime ban was carried, as was last week's 18-5 executive decision, with the Yorkshire, Keot and Durham areas voting against.

Inside the closed conference, Mr Arthur Scargill, NUM president, who opposed the lifting of the ban, put the executive's case with little enthusiasm.

He warned delegates what would happen if the han was lifted, pointing to the NCB's attitude towards the pit supervisors' union Nacods in the last week as an example. Nacods is angry at the unilateral closure by the board of two pits without invoking the industry's colliery review procedures.

Durham delegates said their area would accept the lifting of the ban if the NCB would honour past NUM decisions to limit the amouot of overtime worked, but Mr Scargill made it plain he could not guarantee that.

Mr Sammy Thompsoo, Yorkshire area vice-president, argued that the strike had been lifted in the hope of getting talks going with the board, hut that had oot happened and it might well not happen if the overtime ban was lifted.

The decision will make it difficult for the NCB not to talk to the union, however, although it does not hind the board to taking any particularly coociliatory attitude towards the NUM.

Mr Sid Vincent, Lancashire miners' secretary, said to some of those that had been dismissed that the ban bad been lifted to get talks going with the hoard again on their reinstatement. "If I have got to give my wage up every week you can have it," he said that's whare I stand."

Tate & Lyla places coal order, Page 12

Sainsbury £15m gift to National Gallery

BY ANTONY THORNCROFT

SIR JOHN SAINSBURY, and his brothers Simon and Timothy of the J. Sainsbury supermarket group, one of the biggest in the UK, have given the National Gallery in London an extensioo building for its sole use.

It will be erected on the adjacent Hampton site in Trafalgar Square. It will be the largest donation yet made to an arts institutioo and will cost at least £15m, probably £20m.

Since 1980 the National Gallery has been trying to increase its gallery space hy huilding on the Hampton site.

It came close to a deal with Trafalgar House, the shipping and construction group, which agreed to supply the extra room in return for three floors of commercial offices. But the architectural design by Ahrends Burton and Koralek was described as a "monstrous carbuncle" hy the Prince of Wales last summer and Mr Patrick Jenkin, Environment Secretary refused planning permission in September.

The National Gailery then began to approach private donors and beard late last month that the Sainsbury hrothers were willing to give it a huilding. Trafalgar House has agreed to relinquish its claims to the Hampton site.

The Government fully backs the project, which is in line with its aim of encouraging private and commercial sponsorship of the arts.

The idea is to push ahead rapidly with the extension and have it open in three or four years' time. It will provide the National Gallery with an extra 22,000 square feet of display space, increasing its hanging area hy a third. Early Renaissance pictures will be placed in the extension.

In addition there will be an area for special exhibitions, a lecture room, a shop and restaurant.

The National Gallery and Sainsburys will choose the six architects to suhmit plans. The winning entry will be expected to be "a worthy and sympathetic extension to the existing building."

Licensing laws may be altered

By Peter Riddell, Political Editor

CHANGES in alcohol licensing laws and in planning regulations to encourage the fast growth of tourism and leisure in Britain are to be examined by a Whitehall committee under the chairmanship of Lord Young, Minister Without Portfolio, who has responsibility for promoting enterprise and job creation.

Among other questions which will be examioed are shop opening hours, the clarity of road signs, the classification and regulation of hotels and the wages of hotel staff.

The formation of the new committee of ministers and officials was confirmed in a parliamentary written answer. The group will concentrate on statutory and other obstacles to the development of tourism and leisure and will therefore be closely linked with the work oo small firms and deregulation with which Lord Young is also involved. The aim is to complete work hy the end of July.

Lord Young commented yesterday that he had "no doubts that tourists were concerned about licensing laws." One possibility is that the law in England and Wales could be hrought into line with Scotland where restrictions were removed in 1976.

A Government decision on the ending of restrictions on the opening of shops on Sundays and evenings, as recommended by the Auld Report, is imminent.

Lord Young referred to complaints about zoning and permit prohlems affecting tourist development and to delays in planning procedures. These will be looked at by his committee.

The level of wages for hotel staff and the pay fixed by wages councils will also be scrutinised. Lord Young retained his cautious view on the contentious issue of the future of wages councils, remarking that be believed they destroyed the jobs of those aged under 18.

This stops well short of tha Treasury's call for their total abolition.

Railway unions accept 5%

THE MANUAL railway workers' unions have decided to accept a pay offer below the rate of inflation and worth just under 5 per cent to most grades.

The decision, which considerably eases the Government's puhlic sector pay headaches, is being presented by unioo leaders as a gesture of goodwill in the aftermath of the coal dispute, which cost British Rail about £240m.

The unions are warning that difficulties lie ahead over outstanding productivity issues.

□ THE EXPOSURE of the Midland Bank group to Brazil was £1.9bn at the end of 1984, up from £1.4bn the year before, according to its annual report released yesterday. Loans to Mexico amounted to £1.6ho (up from £1bn) and to Argentina £800m (£600m). As a percentage of the bank's total assets, these exposures totalled about 7 per cent last year, up from 5.5 per cent the year before.

□ BRITISH MIDLAND, the independent airline which has generated substantial competition in recent years for British Airways on UK domestic air routes, is seeking short-haul services to continental Europe.

The airline has asked the UK Civil Aviation Authority for rights to fly to Strasbourg, Rotterdam and West Berlin from Heathrow, London.

□ TOUCHE ROSS, estimated to be seventh largest accounting firm in the UK, is in discussions to absorb the 20-partner firm of Temple Gothard.

The merger, expected to be completed hy June, would raise the number of partners in the combined firm to over 200 and could make it the country's fifth-biggest.

□ BRITAIN'S official reserves fell sharply last month after the annual revaluation of foreign currency and gold holdings, but there were signs that the Bank of England took advantage of the pound's strength to buy dollars on the foreign exchange market.

Andrew Taylor looks at the joint conditions imposed by Britain and France

Guidelines set on Channel link

GUIDELINES containing a full list nf the requirements which the British and French governments will want satisfied before they will permit a fixed link across the Channel were publisbed in London and Paris yesterday.

The central theme of the joint report compiled by senior British and French civil servants is that the development must be funded entirely by private money withnut the aid of government financial guarantees. Failure to respect this condition will render any proposal unacceptable, according to the guidelines.

It says a fixed link must be coostructed and operated at the promoters' own risk and must comply with natiooal and EEC rules and legislation – particularly those affecting unfair competitinn.

"Subject to this, promoters will be free to decide their own commercial policy, tariffs and the type of service to be offered. They will be able to undertake the management and commercial operation of the link without government interference," it says.

In the case of failure by the promoters to complete or successfully operate the link, the governments would not be bound to ensure completion or continued operation. Promoters would also be required to remove at their own cost any obstructions in the Channel.

Governments would be liable for compensation if they halted construction or operation of the link fnr reasons other than defence or natinnal security. Traffic across the link, bowever, could be temporarily halted, without compensatinn, during an emergency such as a dangerous traffic jam.

According to the guidelines, the laws of each country will apply up to the respective sides of a frontier to be mutually agreed. Similar arrangements could apply in apportioning tax liabilities between the two countries.

To preveot unfair treatment as a result nf different tax structures in the UK and France, the report suggests: "The project migbt take the form of a jnint venture with nne company incorporated in the UK and another incorporated in France. In the event of the concession being granted to two companies: costs and receipts would be divided on the principle of equality with due regard to indirect taxes."

It says that tax arrangemeots shnuld not discriminate in favour or against competing forms of cross-Channel transport such as ferries or aeroplanes. Promoters, bowever, "should not assume that duty-free facilities will be availabla to users nf the link."

The governments stress that they will need to be assured of the financial and technical viability nf the project. They will place importance nn the extent to which promoters are prepared to commit their own mnney to the project.

"It is left to promoters to determine the proportion of equity in their capital structure, however, the governments expect this proportioo to be substantial," say the guidelines. Promoters must also indicate whether they intend to make a public offering of sbares.

The governments also retain the right to acquire certain rights in the company. These would not affect the conduct and operation of the link but in the case of the Britisb Government might be in the form of a preferential sbare.

The governments would require independent project managers to be appoioted during the construction of the link. These would bave no involvement with either the operators of the concession or the contractors building the link.

No decision bas been taken nn the likely life nf a concession to operate a fixed link. That will depend nn "the type of project selected and will be iotended to be sufficient to allow debt to be repaid during the life of tbe concession and permit a return no equity that is reasonable taking account of the degree of risk." Promoters, however, will have to justify their proposals.

Promoters will be expected to support proposals with a mass of detailed infnrmation and studies as to the financial, economic, employment, technical, organisational, environmental and safety implications of their plans.

Authorities, for example, will need to be satisfied that sufficient finance is available to cover cost over-runs. They will need to know: the types and characteristics of financial instruments to be employed; amounts to be borrowed; the likely timing and size of fund-raising; the amounts of loan capital which would be outstanding at different times as well as the standing of institutions involved in the project.

Traffic forecasts, tariffs, costings, revenue and cash-flow projections would be strenuously tested against different assumptions for inflation and interest rates covering a period from the start of the project until at least 10 years after loans have been repaid.

PROMOTERS nf cross-Channel schemes have been given until October 31 to submit proposals to the British and French governments, which hope to be able to decide on a development by the end of this year.

Proposals should be accompanied by deposits of Ecu 300,000 ($211,200) in each country, which will be refunded to unsuccessful schemes.

The British Government will need to sponsor a hybrid Bill before a treaty can be ratified and before the necessary legislation, including land acquisition powers, can be passed by parliament. In France a Déclaration d'Utilité Publique will be needed. This will require a public inquiry.

Strict rules cover safety standards

CROSS-CHANNEL schemes involving bridges or any other structures such as ventilation shafts in main shipping lanes in the Channel will have to win acceptance from the International Maritime Organisation (IMO).

IMO will also have to be kept informed of working arrangements affecting inshore areas away from main shipping lanes.

The guidelines call for a strict regime on safety, technical, and eovironmental standards. Promoters must show that they have adequate insurance against accidents and injury, and have made adequate provisinn for dumping waste materials.

Structures will have to be capable of withstanding a collision from any vessel travelling at 17 knots. They win also have to be capable of enduring for 120 years, and studies will have to be made on possible implications for currents, tides and the effect on fishing grounds.

The guidelines also require that road schemes provide for at least two traffic lanes in each direction, which should be designed for a minimum speed limit of 80 kilometres an hour in order to keep traffic flowing.

In tha case of a road tunnel, wbere dangerous fumes can build up, the guidelines recommend minimum standards for ventilatioo and say that facilities must be available to take people to the surface within 90 minutes nf an accident or other emergency.

The British and French governments expect promoters to provide a mass of detail nn fire resistant and other materials to be used; safety and emergency procedures; measures to reduce ooise pollution; traffic control systems and rules to deal with loads or dangerous cargoes.

Provisions will also have to be taken to prevent the accidental spread of rabies from cootinental Europe to Britain.

Studies will have to be made of the effect of wind, snow, ice, rainfall, tides, currents and temperature variations during the 120-year life of the link.

In the case of a bridge, promoters must indicate the measures to be takeo to protect users during high winds and storms.

Structures will also have to be safeguarded against possible terrorist attack. A detailed feasibility study of the construction programme should include measures to remove obstructions from the Channel in the event that promoters abandoo the project.

Traffic signs will have to be in English and French.

Tate & Lyle places big coal order in £11m refinery move

BY MAURICE SAMUELSON

TATE & LYLE, the sugar refiners, yesterday became Britain's second big industrial group to place a large long-term order for coal since the collapse last month of the miners' strike.

The group is to spend £11m at its Silvertown refinery in east London on installing boilers which can burn about 100,000 tonnes of coal a year.

Althougb originally running on coal, the plant was converted to natural gas in the early 1970s. But Tate & Lyle says its gas bill bas increased by a factor of 13 in the past nine years, while coal prices have only doubled.

The four oew boilers, one of which will be able to use oil as a standby fuel, are due to be commissioned in 1987.

Three weeks ago Imperial Chemical Industries (ICI) decided to raise its coal consumption by 500,000 tonnes a year by converting its oil and gas-fired power stations at Wilton, Teesside, nnrth-east Englond.

Both moves coincide with the National Coal Board's declaration to raise sales to general industry from 9m tonnes n year to 15m tonnes a year by the end of the decade.

Several of the biggest industrial sites along the Thames and in the south-east of England are already burning coal. Blue Circle's Northfleet cement works uses 500,000 tonnes a yeor; Rugby Portland at Rochester 150,000 tonnes; Bowaters' paper mill at Sittingbourne 250,000 tonnes; and Ford, Dagenham, 120,000 tonnes.

Mr Malcolm Edwards, the coal board's commercial directnr, said yesterday: "This sort of bulk flow to industry in this part of the world helps us to bring down transport rates, making it more economical for smaller local firms as well to go to coal."

BBC External Service audience up by 20%

BY RAYMOND SNODDY

THE REGULAR audience for BBC External Service broadcasts has risen by 20 per cent to a record 120m, according to new research.

About 25m people listen at least once a week to the English language World Service of the BBC and 100m listen to the services broadcast in 38 other languages – with a 5m overlap.

The BBC claims that this gives the corporation the largest external audience in the world, ahead of the Voice of America, which says it has a regular audience of 100m.

Mr Austin Kark, managing director of BBC External Services, said yesterday: "Even today's figures underestimate the real size of our audience. It does not include listeners in a number of countries including mainland China with almost a quarter of the world's population, because there is simply insufficient data in such places to make accurate assessments of audience size." The BBC receives between 20,000 and 30,000 letters a year from China.

The growth in audience size for the External Service which is funded directly by the Government, has come from the India subcontinent, West Africa and the Arab world.

A new group of BBC listeners has sprung up in the refugee camps in Pakistan where an estimated 2m people live.

Research carried out in the camps by RBL Overseas, a London research company, suggests that 80 per cent of adult males in the camps listen regularly to BBC broadcasts in Pashto, the main language of Afghanistan.

More than 50 per cent of the entire population of the camps are said to be listeners to the broadcasts, which are only available for half an hour a night and for 45 minutes at weekends.

● The BBC is to spend £8m on a transmitter to improve the audibility of external services in East Africa. It is part of an audibility programme approved by the Government in 1981.

The transmitter, which will be sited on the Seychelles Island of Mahe, will improve reception for most of East Africa down to the border with South Africa.

Labour job campaign

BY PETER RIDDELL, POLITICAL EDITOR

THE OPPOSITION Labour Party yesterday launched a Jobs and Industry Campaign aimed at winning back the political initiative on economic policy and unemployment.

In a letter to party members, Mr Neil Kinnock, the Labour leader, says: "At the last election (in 1983), people just did not believe our policies would work. They will only back us next time if we go out now and get our message across."

The campaign is intended to win support particularly among trade unionists, women and youngsters, as well as recruit members. The emphasis will be on increasing Labour's credibility as a party that can run the economy competently and fairly, partly by pointing to what Labour local authorities are already doing, and by stressing that the Government is responsible for high unemployment.

Mr John Smith, the Labour industry spokesman, said the campaign would stress sustained wealth creation and an industrial strategy to rebuild manufacturing industry.

THE ARTS

Jumpers/Aldwych Theatre

Michael Coveney

Although I do not remember Tom Stoppard's moral philosopher, a second George Moore, passing himself off as Wittgenstein when he telephoned the police to complain about the noise at his own wife's party, *Jumpers* remains an intriguing lunatic farce of love among the logical positivists where all the loose ends are tied up and everything just about fits.

Peter Wood directed the 1972 National premiere at the Old Vic and he has done an equally good, though different, job at the Aldwych (where the squeaking front stalls need an overhaul). This is a cool and clinical production with a far more earth-bound performer than was Michael Hordern as Moore, Paul Eddington, and the ever delightful Felicity Kendal as the retired musical comedy star for whom the moon landing has killed romance in music.

The radical liberals have won the election as Captain Scott lands on the moon. From a celebratory pyramid of yellow-clad jumpers, Professor McFee falls down dead. The close connection in the university between philosophy and gymnastics is ruptured by murder.

While Moore composes his speech for a symposium on "Man: good, bad or indifferent?" his wife Dorothy screams for help. She is under the supervision of the Vice-Chancellor, Archie, a psychoanalyst with an interest in dermatography. Inspector Bones who turns up to investigate the murder is a fan of Dorothy and a natural participant in the married couple's one area of reflex communication, charades. Andrew Sachs plays the smitten Bones with a fine bottled relish.

As well as tha corpse of the murdered empiricist, Moore's hare has gone missing. The grief registered by Mr Eddington on being reunited with the accidentally destroyed animal is his first show of emotion. Befuddled and fussing, Moore grapples with the question of God's existence, the nature of goodness, the concept of faith, while his wife is baving a breakdown next door. The broken marriage and the murder mystery thriller elements keep bobbing up through the play's glittering surface of solipsistic argument and linguistic sleight of hand.

Felicity Kendal gives a fine portrait of a woman whose life has fallen apart but who is not immune to the symptoms of having fun, even if this might just be baving a bottle of claret and mashed potatoes with Simon Cadell's sinisterly suave Vice-Chancellor. Originally, Graham Crowden seemed to duplicate the manner of Michael Hordern in this role, but Mr Cadell strikes out in an entirely new direction with his comparative youthfulness turning to devious early middle-age, his shooting cuffs and foppish mauve tie, his political offers and overtures sidling nastily out of Archie's grim slash of a mouth.

Mr Eddington has ironed out the over-emphatic comic mannerism that crept into his *Forty Years On* headmaster while retaining that performance's pouchy-eyed bafflement of a man overtaken by the absurdity of his own propositions. Carl Toms's slick set revolves smoothly between the boudoir and the study and the sensuously insinuating jumpers (choreographed by David Toguri) are pleasantly transfigured by the opening and closing bursts of Handelian anthems against a shimmering mirror background.

Television/Godfrey Hodgson

Treating journalists like Scum

John Whitney and Mrs Mary Whitehouse

Television journalism is difficult enough at the best of times. At the moment it is harder than ever. As one senior ITV programme executive said to me this week, "There is very little public support for investigative journalism, and journalism as a whole does not have very many friends."

More than ever television journalism is being impeded by lawyers, who are correctly fulfilling the only responsibility they have—namely to their clients—but who in the process end up by acting like censors.

Censorship by lawyers has always been a problem for British journalists. But at the moment life is being made extra hard for journalists on ITV and Channel Four because the lawyers have discovered a clever new ploy. They cannot be blamed for this. They do not have to look any farther than the interests of their client, who is as likely to be a businessman anxious to prevent discussion of a controversial aspect of his marketing methods, or a professional man trying to avoid scrutiny of unethical behaviour, as to be an innocent wantonly branded.

Anyone who is likely to be criticised in a television report almost invariably has plenty of warning, because television journalists always ask for an interview to allow the person or firm who may be criticised to put their side of the matter. For this reason, and because television is such a powerful medium, capable of putting across a damaging stereotype very swiftly, such persons or firms are usually advised by their lawyers to try to prevent a potentially critical report being shown, rather than waiting until it has been published and then suing for damages.

The new ploy is this. Instead of going against the individual production company that is about to produce an objectionable report (*objectionable*, perhaps, to the lawyers' clients only for the very reason that makes it commendable in the wider public interest, namely that it exposes some undesirable practice or behaviour) the lawyers now move against the Independent Broadcasting Authority itself.

They can do this for two reasons, one general, one specific. The general reason is that the Independent Broadcasting Act is vague about whether the IBA is essentially a publishing or a regulatory body. And the specific reason might be called the Scum Factor.

The problem goes back to an action for an injunction to stop the showing on ATV, of a documentary about Andy Warhol. The injunction was brought by Norris McWhirter, on the grounds that the film contained obscenity, and it was granted, ironically by Lord Denning, generally seen as the libertarians' friend.

The present imbroglio, however, results not from the fact that Lord Denning granted an injunction on that occasion, but from one of the reasons he gave for doing so, namely that the film ought to have been seen by the full board of the IBA, since they had an individual responsibility for programmes transmitted.

In practice that responsibility had been largely delegated. It would be hard, if not impossible, for every programme to be watched before transmission by the whole board, and it has been usual for producers, in any doubt about the legality of any material they were planning to transmit, to consult the IBA's staff.

Scum is a lurid drama about Borstal boys, containing much violent and homosexual behaviour and plenty of bad language. It was commissioned by the BBC, but the present Director-General, Alasdair Milne refused to transmit it, and had the courage to go on the air to give and defend his reasons.

It was then made into a film for cinema viewing, and bought and shown by Channel Four. Mrs Mary Whitehouse was outraged, and she, or her lawyers, invoked a procedure called "judicial review." Two judges decided that the IBA had made "a grave error of judgment" in allowing the programme to be shown. One of the reasons cited was that it had not been viewed *by the full IBA*. Legal argument ended in the *Scum* case in the Court of Appeal late last week, and judgment has been reserved.

In the meantime, however, it has already had a profound effect on the tactics of lawyers attempting to prevent programmes critical of their clients being shown, and on the conduct of the IBA itself. The "IBA ploy" has been used against Granada Television's *World in Action* twice and against Thames Television's *TV Eye* on three occasions in the past year.

On one occasion *TV Eye* producers found themselves in court being asked to show cause why they had not shown a film to the IBA before they had finished making it. On that occasion the court took the extraordinary step of extracting from the IBA, a statutory body, a public undertaking that it would comply with its statutory duty.

No wonder that the IBA has been cautious, as in the case of the film *MI5 Official Secrets*, made by 20/20 Vision for Channel Four. In that the director-general, John Whitney, first refused to show the film on the grounds that he and members of his authority might be prosecuted and imprisoned for up to two years under the Official Secrets Act; only to reverse himself later and say it was all right for the film to be shown because the Attorney-General had said it would not be prosecuted.

It is widely known that the background to Mr Whitney's first decision was a stern opinion from a Queen's Counsel that faced the IBA with the direst consequences if the film was shown. This use of the "judicial review" procedure is by no means the only contemporary reason for concern about the way the freedom of television to deal seriously with public issues is being compromised by the lawyers, many of whom by experience and training seem to have little understanding of journalism and even less appreciation of its importance.

Senior television executives discovered with concern, for example, that the government's new Data Protection Act, apparently quite unintentionally, covers most television reporting. Because most video editing is now done on computerised equipment, a lawyer whose client might be damaged — or might think that he would be damaged—by a television report could apply to the Registrar appointed under the Act, who has power to wipe the tape. The Registrar, a solicitor called Mr Eric Howe, has said that one of the grounds for wiping the tape would be that it was inaccurate, and Mr Howe would be the sole judge of that. There is no procedure for appeal and, if there were, it would be too late.

It cannot be said that this is an unforeseen inconvenience of drafting, a mere by-blow of the government's attempts to secure the citizen's privacy against electronic prying. When the Home Office was asked during the parliamentary debate to exempt television, it refused. Barry Cox, controller of features and current affairs at LWT, says that when the Home Office discovered that the legislation would have serious consequences for journalism, they seem to have regarded it as a piece of unexpected good luck.

At the very least the government ought to institute an appeal procedure and a public interest defence for any television producer or production company faced with the arbitrary destruction of its work.

No one wishes to make it harder for citizens to protect their good name. But there is also a common interest in making it possible for journalists, subject to the law relating to defamation, obscenity, sedition and confidentiality, to report matters of public interest, even if individuals are embarrassed in the process. Whatever happens to the *Scum* appeal, it look as though the confusion resulting from the IBA's double nature—as both publishing and regulating authority—will have to be cleared up soon.

The fundamental problem, of course, remains what it has always been: that in British law — unlike American or Common law, for example — there is absolutely no presumption of any public usefulness whatsoever in the practice of journalism; all other interests, however petty or shady, prevail over that.

North-west theatre/The Play of Jennet; After Mafeking

Charlotte Keatley

Two recent openings in the north-west—in the lively university town of Lancaster, ancient stronghold of Lancashire, and Manchester—give pause for thought and optimism. Two unknown playwrights have been treated to main house productions, a sure sign of faith and enterprise in the face of obvious economic risk.

At Lancaster Theatre, Jonathan Petherbridge is completing his first year as artistic director with a superb production of a world premiere—*The Play of Jennet*, commissioned from local writer Chris Hawes. The event is enthralling evidence of the value of giving new plays the full works: original music, spectacular sets and strong acting. This ambitious production tours around the north-west community venues throughout April.

The strength of the script is simplicity: Hawes plunders the theatrical traditions of story-telling, folk ballads and the structure of a life's journey, in this case that of Jennet, a 17th-century Lancashire girl. He avoids the pitfalls of banality by pushing into unpredictable and relatively uncharted territory: Jennet is a working-class anti-heroine who survives rape, escapes servitude in Lancashire to encounter the civil war ripping Ireland apart, is befriended by a Quaker woman while on the run, and finally renounces God in favour of her own exultant brand of 17th century socialist feminism.

Ian Forrest's shrewd direction paces the first half as a whirling adventure story, accelerating the episodic structure of short scenes to create the effect that we are inside Jennet's head, seeing her life flash before her eyes. The second half calms to a reflective centre in which the conflict of ideologies—Roundheads and Royalists, Catholicism and Quakers, state and individual—take over from conflict of action. In a strong cast, Claude Close's mixture of gravity and wryness in his various roles, and Jane Nash's ingenious half-wit, are particularly appealing.

Phil Swift's design of zig-zagging ramps tilts the action forwards and symbolises Jennet's *earthly and spiritual journey*. Pockets of darkness are stuck with pikes, smoulder with bloody red battle smoke under Mark Alington's excellent lighting, or yield up the unseen voices of Andy Whitfield's specially-composed harmonies. Stylisation is completed by giant ikons of the aristocracy, Church and Law—throne, pulpit, wig and gibbet — overhanging Jennet's path.

Above all, Sonia Ritter as Jennet provides play and production with a magnificent, pivotal performance which is both strong and vulnerable, *moving and earthy*, expressed by her voice which has an unforgettable rawness, balanced between the hoarseness of a shout and the edge of tears.

In Manchester *After Mafeking* a first full-length work by *Peter Bennett, is the third in* a season of new plays at the Contact Theatre (until April 6). Like many first plays, it has an autobiographical element; in this case more eventful than most, as Bennett spent his childhood in South Africa.

The plot revolves around Luke (black) and Simon (white), both Oxford graduates returning to their homeland. Differences of birthrights have been forgotten in the cosy enclave of Balliol College. They return as lovers to the lush, sun-soaked house and garden that Simon has inherited from his parents. But a personal relationship becomes a political one as apartheid begins to split the two men apart — "I can't go on with you except as a chauffeur," complains Luke.

This is a promising start: Bennett has devised a human relationship which dramatises a nation's political dichotomy. Michael Jenn as Simon and Wyllie Longmore as Luke act with conviction in both their *emotional and political situations*.

Enter a plump, pompous ex-Brit, and a private detective, with the somewhat obvious names of Bunting and Philip Marlowe respectively. The style changes to farce, the situation to a frivolous lunch party. Marlowe, obviously in the pay of the South African police, snoops for a glimpse of the young men's sexual and political crime; while Bunting puffs round the swimming-pool after Caroline (Carol Ann Crawford), a syrupy Afrikaaner who has *come* for a free husband rather than a free lunch.

Nick Sherman's production comes to a breathless halt without having established a consistent style or time setting— the writing is vague in exactly the areas where it needs *to* be specific. It is as if, seduced by his ability to write comedy, Bennett forgets he has plunged into a political environment which now is becoming more the stuff of news headlines than of drama.

The subject of apartheid deserves serious treatment, rather than being the backdrop for a patio and poolside comedy by and for white liberals far away from the country of its origins. The real victim of the writing is Luke, who moves from being a realistic individual *to the* token black man left holding the drinks tray.

Sonia Ritter, top, and Tricia Deighton in Jennet.

Stanford Quartet/Wigmore Hall

David Murray

Barely more than a year old, this quartet is one of those created *ab initio* by an American university. It shows: the strong individual players haven't forged a corporate character yet, and their leader Andor Toth—the only senior performer—dominates unduly.

For their London début on Monday they began with the B-flat quartet from Beethoven's op 18 set. They set a new speed record for the opening Allegro, not merely "con brio" but whizznig. With the middle movements, unlingering but less frantic, imperfect ensemble became noticeable.

In Schubert's "Death and the Maiden" quartet, where the first violin spends an unprecedented amount of time with descant decorations instead of the main thematic line, the result was most unhappy. The Stanford tempi were brisk anyway, and hearing the trio attempting—often vainly—to keep the principal music up to the relenless rush of Toth's figuration was painful.

The Quartet no. 2 of Peter Mennin (b. 1923) went well, in its conservative idiom. It is *only just quartet-writing*, with many surging unison passages, two warm, homogenous movements amid the swirl of "ardentemente" and "focosamente," and little of the intimate polyphony that marks classical quartet-style. *But* it requires exactly the urgent drive which seems, at the moment, to be the Stanford strong suit.

BBC Symphony/Festival Hall

Andrew Clements

Of all London orchestras one might have expected the BBC Symphony to present a programme of English music more enterprising than the one it offered on Monday at the Festival Hall. There are many English symphonies worth an other than Walton's first, cello airing other than Walton's First, celo concertos apart from Elgar's. The hall was not well filled, and it's hard to believe the audience would have been any smaller had the programme included, say, Bridge's cello *Oration* and Bliss's *Colour Symphony*.

Bliss was in fact included to mark the 10th anniversary of his death. The short *Processional* he wrote for the Coronation in 1953 has some intriguing things (not least the near quote from Vaughan Williams towards the end) alongside the *ceremonial* gestures, though whether they add up to anything substantial enough to survive in the concert hall is another matter.

Both the Elgar concerto and the Walton symphony are so frequently heard nowadays that they really require performances out of the ordinary to justify themselves. Neither account here did that. Ralph Kirshbaum began the concerto full of good intentions, shaping his opening solos with point and purpose, but he *ultimately* lapsed into the ordinariness that characterised the BBC SO's playing and Sir Charles Groves's conducting.

And where Walton can usually be relied upon to generate plenty of noise, whatever the finer details, on this occasion he did not even do that. Each section of the BBC orchestra was tentative; in the finale it was positively underpowered. That, coupled with the slack *rhythms* and *short-breathed* paragraphs (and a positively benign scherzo), made it all a very drab affair.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

March 29-April 4

Theatre

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled trilogy of Pinter plays. A Kind of Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and last year's One for the Road, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Mysteries (Cottesloe): Best if possible to see all three (The Nativity, The Passion and Doomsday) on one of the last remaining Saturdays (March 30, April 6, 13, 20). Thrilling contemporary reappraisal of the York and Wakefield cycles in Tony Harrison's muscular version and the acting of Bill Bryden's tough, endearing and resourceful NT company. (928 2252).

The Caine Mutiny Court-Martial (Queens): Charlton Heston walks carefully on and off in Herman Wouk's famous courtroom thriller without disturbing too many memories of Bogart on film. In the second act he even acts a little, which proves rather more alarming a spectacle than when he is merely in a somnambulist daze. (734 1166).

Tom and Viv (Royal Court): Michael Hastings's contentious but enthralling play about T.S. Eliot's first marriage returns after New York success. Edward Hermann a welcome visitor alongside the eloquently restrained Julie Covington as poor Viv. (730 1745).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production for the NT lacks either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. New translation by Adrian Mitchell. (928 2252).

The Road to Mecca (Lyttelton): New Athol Fugard play about a desert dwelling bohemian eccentric, ostracised by neighbours and clergy, who strikes up friendship with Cape Town teacher. Yvonne Bryceland and Charlotte Cornwell give tremendous performances, but the evening is slow to catch fire and, frankly, not a patch on those early Fugard anti-apartheid explosions. (928 2252).

WASHINGTON

Much Ado About Nothing (Folger): A recent reprieve on plans to close the theatre only coincidentally reflects the exuberance of this production, with its 1930s shipboard setting and interjection of such songs of the period as Night and Day. (546 4000).

My One and Only (Opera House): Tommy Tune teams up with Sandy Duncan for the road show of this disguised version of Funny Face, featuring the Gershwin tunes with new book and look. Kennedy Center (254 3770).

Henry IV, Part 1 (Eisenhower): The first production of Peter Sellars' tenure as director of the American National Theatre Company is bound to be interesting, if not controversial. (254 3670).

Tartuffe (Arena): Lucian Pintilie's striking production brought from the Guthrie in Minneapolis turns Tartuffe into a miracle-making Christ-like imposter surrounded by three centuries of civilized excesses. Ends April 14. (488 3300).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical *genre with its backstage story* in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with Tony Straiges's pretty set and James Lapine's book which changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's funny backstage view of all the slamming doors and dropping drawers. (245 3430).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

Strange Interlude (Nederlander): Glenda Jackson carries on an appreciated tradition of bringing American classics to New York from London in this marathon production in which director Keith Hack wisely makes the asides an integral part of the conversation. Limited engagement ends May 5. (921 8000).

TOKYO

Love Call (The Japanese version of Bells are Ringing), a musical comedy set in New York starring Akiri Fuse and Ran Ootori, Japan's most professional musical star. Geijutsuza, Yurakucho (591 7633).

Hori Hiroshi Puppet Theatre. Hori Hiroshi, rising star of the puppet world, is unique for Japan: self-taught, young, approved and supported by the arts establishment of elderly masters. This first major play, Sakura no Mankei no Shita (Under the Full-Blown Cherry Blossoms) is a seasonal piece. Big names involved include narration by Kayoko Shiraishi, and the actress Waseda Sho-gekijo (who is due to play the lead in the Trojan Women at the Riverside, London in early April). The play, in which puppets and actors will combine, is based on a grotesque tale by early 20th century novelist and poet, Sakabuchi Ango. A traveller is killed and his wife abducted from which point the story focuses on the wife's macabre taste and the outcome when one day she is taken cherry-blossom viewing. Hakuhinkan Theatre, Ginza. (791 0474).

Saleroom/Antony Thorncroft

Grotesque — but gripping

Two extraordinary and grotesque busts with contorted facial expressions, made between 1762 and 1784 in Vienna and its surrounds by Messrschmidt, sold for £145,000 and £93,500 at Sotheby's yesterday. They are made of lead and tin alloy and are around 16½ in high.

The more expensive, called "A powerful man," was bought by New York dealer Richard Feigen; and the other, "A difficult secret," went to Colnaghi. Such figures, although well documented, had not appeared in the saleroom before and Sotheby's had placed £30,000-£40,000 estimates on each of them. They were sold by a European nobleman.

These are the two "lost" busts from a series of 69, most of which are now in museums in Vienna and Budapest. Why Messerschmidt devoted so much time to these grimacing "self-portraits" remains a mystery, but they have interested art historians for more than 100 years.

The busts were the highlight of a sale of European works of art. A rare Saxon gold and enamel chain of office from the household of Christian II of Saxony, who reigned from 1591-1611 was bought by the Bremen dealer Neuse for £86,000.

A 16 in-high Florentine group in bronze of Hercules and Omphale, made around 1680 by Ferdinando Tacca, sold for £48,400; and a French bronze group, 29½ in high, of Hercules and the Erymanthian boar, of the mid-17th century, realised £33,000. The sale totalled £703,912 with only 5 per cent unsold.

*

Sir Seton Wills is selling Littlecote, near Hungerford in Berkshire, and Christie's may be auctioning the contents. The house, built mainly between 1450 and 1580, is priced at £1.25m and, ideally, the purchaser will pay another £750,000 for tha contents, which are historically associated with the property.

These consist mainly of the Littlecote armoury, the largest single group of Cromwellian armour in existence. It was supplied to a regiment led by Colonel Alexander Popham and raised to fight on the Parliamentarian side in the Civil War, and comprises 96 muskets and carbines, 56 pistols, 37 buff coats, 46 cross belts and 25 troopers' half-armours.

The Pophams acquired Littlecote early in the 17th century and, as well as the armour, a privata treaty sale also would bring the new owner the Popham family portraits, as well as such curiosities as the finger stocks that Justice Popham took around the country on his judicial tours in the 17th century. The house is being sold through Savills. If a purchaser does not want the special contents at what would be a bargain price, Christie's would then auction them off.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871

Telephone: 01-248 8000

Wednesday April 3 1985

Salvador poll boosts Duarte

THE BALLOT BOX has yet to prove it is more powerful than the bullet in El Salvador. Nevertheless, the victory of President Jose Napoleon Duarte's Christian Democrats in Sunday's congressional and municipal elections is a convincing demonstration that the Salvadorean electorate wants this state of affairs to change.

Although the results are still unofficial, it looks as though the Christian Democrats have roundly beaten the main right wing parties and acquired a working majority in Congress. President Duarte can now rightly claim his moderate reformist policies, that include negotiating with the left wing guerillas to end the civil war, have been endorsed.

The election of Sr Duarte himself 10 months ago was in good measure the result of Salvadoreans believing, or wanting to believe, that he could end the appalling cycle of violence that has seen over 50,000 lives lost in five years. Then he picked up more votes than was expected, and Major Roberto d'Aubuisson, the candidate of the extreme right wing party, ARENA, fared much worse.

Commitment

Once more Major d'Aubisson and his allies have failed to muster the support it was widely believed they possessed, especially in the countryside. Th hope is that Salvadoreans are losing their fear of the extreme right and that Major d'Aubuisson has finally become a discredited figure because of his links with the death squads and divisive rhetoric.

Sr Duarte has been quick to pledge his commitment to resume peace talks with the guerillas and to act on economic reforms promised last year. On paper at least he should have a freer hand to do this. He inherited a Congress effectively controlled by Major d'Aubuisson who was able to block virtually all legislation. The strength of Major d'Aubisson and his right wing allies in Congress, coupled with their links to the powerful military establishment, also led to a gradual stalling of negotiations with the guerillas.

A third round of talks between the Government and the guerrillas, due to be held in January, failed to materialise. The right-wing parties feared that any accommodation with the guerrillas would lead to the eventual establishment of a Communist régime. The military shared this fear and were bolstered by what they say as a turn in the tide of war in their favour as a result of improved training and more sophisticated U.S. - supplied equipment.

They were also encouraged in this attitude by an ambiguous U.S. stance. While publicly backing a return to democracy under Sr Duarte in El Salvador, the Reagan Administration has not hidden its concern over the implications of a successful outcome to talks with the guerrillas.

This ambiguous U.S. strategy worked so long as all the main components in the El Salvador political picture — Sr Duarte, Major d'Aubuisson and his allies, the military and the guerrillas — had equal power. Indeed, it was no accident that prior to these elections U.S. officials were hinting they would prefer a sort of institutionalised impotence of Sr Duarte, with the right-wing parties headed by Arena controlling Congress. In this way it seemed Arena could be kept within the democratic process and would not encourage the military to destabilise the system through resorting once again to the death squads.

This scenario has now altered and it has become more difficult for the U.S. to stand on the fence because of Sr Duarte's success.

The danger in the present situation is that a combination of Sr Duarte's efforts of consolidate such controversial measures as land reform and deal with the guerrillas will provoke the old alliance of big business and the military to overthrow him—as has happened before.

Now seems an ideal opportunity for the U.S. to use the very considerable influence it possesses in this tiny Central American country to ensure the military and the Right-wing parties do not destabilise Sr Duarte. The U.S. should encourage the former to realise that the popular vote for Sr Duarte has strengthened his hand in talking toughly hut honourably, with the guerrillas.

Reforming UK's rating system

SPRING is about to arrive in its official and most unwelcome form: the arrival on the doormat of the hated rate bill as soon after All Fools' Day as Britain's local authorities can manage.

It is difficult to remember a time when this demand was not the subject of intemperate political debate. This year is no exception with Lord Whitelaw hastening back to London from a trip north of the border to warn the Prime Minister of serious disaffection over the rates, which have shot up for prosperous Scottish householders this year because of a routine and sensible revaluation.

Mrs Thatcher has wanted to "do something" about rates for 10 years. She has tried and failed throughout her five years in office and now another government search is on for ways to ease the rates burden. But, as previous attempts have proved, it is not going to be easy and no extra sources of revenue are going to be popular: the tax which people enjoy paying has yet to be invented anywhere in the world.

The common link in the Government's string of unfortunate policy initiatives on local government since 1979 has been that they have been too hasty and ill-considered. If a careful and comprehensive review had been set up in those early years Mrs Thatcher might well now be reaping some praise and credit for a system of local taxation that appeared at least fair and rational. Instead she is presiding over a mess.

Anomalies

The rating system has much to commend it. Rates fulfil most of the properties of a good tax; they are visible, high-yielding, buoyant, cheap and easy to levy and collect, very difficult to evade.

But they have several major drawbacks: too few shoulders have to carry a burden which has now become too great. so many anomalies and distortions have been built into the system that it has become unjust and uneven in its impact, and too many people are protected through rebates and subsidies from the true impact of the spending decisions for which they vote.

In short, rates are far too good a tax to throw away but they need modernising and they need supplementing with one or more extra revenue sources.

Regular revaluations are essential if the outmoded notional rental values on which rates are levied are to be adjusted in line with changing circumstances. England and Wales have not had one since 1973, leaving rates completely out of date. Revaluations redistribute the rate hurden, without increasing or decreasing it overall. The Scottish revaluation has resulted in a switch in burden from industrial ratepayers to domestic ratepayers, domestic values having appreciated while much industrial property has deteriorated or become disused since the recession. The revaluation has increased Scottish domestic rate bills by an average 24 per cent but the average bill is still only £406. The 1st Scottish revaluation in 1978 switched the burden the other way with domestic ratepayers staying quietly contented while industry squealed.

Broad base

Mr George Younger, Scottish Secretary, has reacted to the unjustified outcry with a retrograde move. He raised the domestic rate relief from 1p in the pound to 8p and then again, as pressure mounted, to 9p. Scotland has thus moved far down the road of reduced council accountability, caused by cushioning ratepayers from the real impact of council spending decisions—a major problem in England where all domestic ratepayers get relief of 18.5p in the pound.

Most of the possibilities now being examined have already been considered and discarded as wholly unsuitable and impractical twice in two years—local sales tax, poll tax, petrol tax. No tax is perfect and there are accountability problems, for instance, with a local income tax. But such a tax merits at least serious consideration. It would be progressive in its incidence, have a broad base of 23m payers rather than the narrow 11m base for rates, excluding 7m rebated bills, and could easily be worked into the PAYE taxation model once it is computerised in 1987.

If local government is to survive and prosper a new source of local revenue has to be found to bolster a reformed rating system. The Government should approach the task cautiously and seriously in the cause of enhancing democratic local government.

The famine in Africa

As much a man-made as a natural disaster . . .

Anatole Kaletsky explains how politics and history are responsible for a continent's suffering

"THE famine in Africa is not just a routine disaster. It is one of the central historical events of our time."

When a normally sceptical development official made this comment last month at the United Nations emergency conference on Africa, he was not referring simply to the grim new records for mass starvation which have been set in the past two years in Ethiopia, Sudan or Mali. These are the stuff of "routine" disasters.

But the full significance of the famine which will continue to threaten much of Africa for at least another year despite recent breaks in the drought in the southern part of the continent, goes beyond sold statistics or even the agonies of individuals. The famine is shaking the entire political, economic and social foundations on which a stable and prosperous post-colonial future for Africa was supposed to have been built.

For nearly two decades, Africa's post - independence dream of political liberation has gradually been turning into a nightmare of economic collapse. The present famine may be that nightmare's cathartic climax—the impending mortal blow which suddenly jolts a whole continent awake.

The outlines of the nightmare are by now familiar. Ten million people have abandoned their normal homes in search of food and water; 20 countries have been "critically" affected by drought; and 30m lives in all may be in danger, according to the UN's surveys. "That is more people than have been killed in any war," says Mr Bradford Morse, the specially appointed UN co-ordinator of the international aid effort—and his message has sunk in.

After the worldwide publicity which began with October's BBC television reports from Ethiopia and culminated in last month's Geneva conference, Mr Morse is reasonably confident of mustering the $1.6bn worth of emergency food, medicines and equipment which he believes is required to cope with the symptoms of the African disaster, at least until the next harvest.

But the readiness of the outside world to offer temporary relief leaves the hardest questions unanswered.

"Are we just keeping people alive this year to starve the next, when the public loses interest and our food surpluses decline?" asks one top aid official. Is famine nature's way of "culling" a human population that has swelled beyond the capacity of its environment, he adds in desperation, wincing with embarrassment at his own choice of words.

There can be few relief workers in Africa today who could honestly say that such "Malthusian pessimism," acknowledged by the World Bank in its latest Development Report, had never crossed their minds. Yet, in reality, the African disaster bears no comparison with the plagues and famines which ravaged Europe regularly until the early 19th century, and which inspired Thomas Malthus' grim conjectures about the natural balance between starvation and population growth.

In the world as a whole, there is now more food per head than ever before in history, and food production is likely to go on rising faster than population for the rest of the century—cereals production will increase by 2.5 to 3.5 per cent a year, against worldwide population growth of 1.7 per cent a year, between 1980 and 2000 according to World Bank, U.S. Agriculture Department and UN Food and Agricultural Organisation (FAO) projections. Even the poorest developing countries, as a group, have increased their per capita food production substantially since 1960 and will, on present trends, make even greater strides by the year 2000. In the short term, of course, huge surpluses of cereals and dairy products are being stored in government silos and refrigerated butter mountains all over America and Europe.

Why, then, has Africa's ability to feed itself deteriorated steadily since the 1960s? And why will many more Africans die in the next few months, despite the willingness of industrialised countries to unlock their immense food surpluses?

Mr Morse's analogy between the African famine and death in warfare sheds light on both these questions. Africa is suffering as much a man-made as a natural disaster; and, as in war, it is a lethal combination of politics and history that is now taking its toll on the common man.

In the short term, the international relief effort still faces formidable problems in getting the food on offer to all the people who need it. While small and voluntary agencies like the International Red Cros, the Save the Children Fund, Unicef and the UN High Commissioner for Refugees are often most effective in dealing with shifting populations and in discovering and penetrating isolated pockets of starvation, there are only three organisations—the UN World Food Programme, the U.S. Agency for International Development (AID) and the European Commission—with the capacity to distribute the massive quantities of food required by the worst-afflicted countries —Ethiopia, Sudan, Chad, Niger, Mali and Mozamhiqne. These organisations have to work in co-operation with local governments. And governments are often unable—and sometimes unwilling—to get the food to the people who need it most.

This is why aid donors throughout the world, including even diehard critics of the UN system in the Reagan Administration, have strongly endorsed the UN's appointment of an experienced team of powerful officials, led by Mr Morse, a veteran U.S. politician who is also head of the UN Development Programme.

The main complaint about Mr Morse's team, which includes Mr Maurice Strong, a self-made Canadian property millionaire who has devoted much of his recent life to UN causes, and Mr Kurt Jansson, the Norwegian who supervised the international relief effort for Kampuchea in 1979, is that the UN took so long to put it together.

Now that the Geneva conference has "established Brad Morse's leadership, he should be able to pull together the overall needs, so the world doesn't just focus on Ethiopia; he can also twist arms to ensure that food arrives when it is promised and is distributed to those who need it," says Mr Peter McPherson, who, as Administrator of the AID, has the responsibility of fulfilling the U.S. pledge to provide at least half of Africa's total emergency food requirements.

In the meetings on specific countries held in Geneva after the main conference, the UN co-ordination has begun to show signs of bearing fruit. European and U.S. officials generally seem to feel that these meetings will help to translate general pledges into timely food shipments and logistical support and maximise the chances of moving the food to where it is needed before summer rains and flash-floods threaten to make parts of Sudan, Ethiopia and other Sahelian countries impassable — a new danger which has already hit in Mozamhique.

Ironically, it is in the starving countries themselves that Mr Morse's "arm-twisting" is less likely to be effective. The Ethiopian government, for example, shows no sign of relenting on its policy of blocking food distribution to areas of Eritrea and Tigre held by secessionist rebels. Mr Jansson, who is in charge of international emergency operations within Ethiopia, has sought to lead food convoys personally into rebel areas, hut has been thwarted by the same kind of twisted logic which he faced from the Vietnamese in Kampuchea. "There is no significant area or population groups under the control of the terrorist bandits. Therefore there is no need to send food to these people who are really fighters against the Ethiopian government," insisted Mr Goshn Wolde, the Ethiopian Foreign Minister in Geneva.

For many leaders, the financial crisis is the root cause of Africa's hardship

For the hundreds of thousands of civilians who are starving behind the rebel lines, the choice is therefore to flee into neighbouring Sudan—at a rate approaching 4m in the last year —or to rely on precarious supply lines over desert tracks across the Sudanese border, a ronte which official aid donors cannot openly use for ohvious diplomatic reasons.

Even in countries not riven hy civil war, stories abound about less extreme forms of local government obstruction, above all the diversion of food aid for private gain.

But when people are starving, to punish a corrupt or politically unsavoury government by withholding food is generally not an option.

But the real difficulty of pulling Africa out of its present nightmare cannot be put down simply to African governments' corruption, incompetence or ruthlessness towards their own people.

On top of the drought, whose worst ravages have really been confined to just five or six nations, the whole of Africa — with the exception of a few smaller countries on the west coast and within South Africa's sphere of influence — is in the midst of an unprecedented financial and economic crisis. This broader crisis is hitting the "modern" urban sectors of the continent, as well as the long-suffering rural poor. It has reduced per capita output in at least ten out of the 39 sub-Saharan countries to below its pre-independence level. It had already cut incomes per head by 12 per cent between 1960 and 1983, even before the worst of the drought hit last year, decimating agricultural output even in coutries which have avoided starvation.

For many African leaders, in financial crisis, which they attribute to a vicious pincer movement of rising interest rates, falling commodity prices and declining aid, is the root cause of al lthe continent's hardships. Africa's debts have multiplied tenfold since 1970, and in relation to GNP, its debt burden is heavier than any other continent's — 58 per cent of GNP in 1984, against Latin America's 46 per cent.

President Julius Nyere of Tanzania, for one, sees this debt burden as the key to his continent's problems. "If nothing is done to halt the transfer of resources from Africa to the developed world, of course the situation will get worse," he says.

But the conventional wisdom among today's aid donors differs emphatically from President Nyere's diagnosis. Money alone is no longer considered an answer to Africa's problems. Food aid to save the starving—and to run off Western grain surpluses — may still be available to countries of al leconomic philosophies or ideological leanings; but long-term development assistance is becoming conditioned, as never before, on sweeping political reform.

Africa has received far more aid per head than other parts of the Third World, and further aid, without new policies, the Western donors argue, would be throwing good money after bad. As the World Bank has recently pointed out, if trends established since 1965 continue, "Africa's food production per head in 198 will be the samo as in the drought-ravaged year of 1984, even if 1988 has normay weather. Something must be done to reverse this trend."

This "something," according to the new orthodoxy among the donors, may require cherished economic institutions and class privileges built up since independence to be swept away. "In a sense, we're talking about a kind of recolonisation—about sending smart white boys to tell them how to run their countries," admits one official.

But increasing numbers of African governments are being forced by desperate economic hardships to swallow their pride and accept the ex-colonialists' prescriptions. Some are even embracing new policies with gusto, apparently convinced that the white man's medicine can be adapted and Africanised to serve their countries' needs.

These are the countries which could yet emerge, in the World Bank's view, "from despair to hope in the eyes of the world."

A second article, about initiatives by the World Bank, the U.S. and other donors to encourage long-term policy reforms in Africa will appear next week.

Trust in Hanson

BP's track record on acquisitions is not as glittering as one might expect from Britain's biggest company—which explains why a group of its senior managers, led by James Ross, head of corporate planning, recently got together with the take-over experts at Hanson Trust.

Theme of the talks over lunch —set up after a chat between Lord Hanson and BP chairman, Sir Peter Walters—was how a multinational like BP could learn from a fast-growing conglomerate like Hanson in choosing the right huy and then making it work.

BP watchers say this is typical of the Ross approach. He is a man fascinated hy intellectual prohlems: why, for instance, has BP failed to make a success of its mineral business, Selection Trust? What is the best corporate shape for a company seeking to diversify or absorb new businesses?

By all accounts, the talks provided a fascinating insight into the psychology of the UK's archpredator company. If, as rumour has it, BP is on the brink of a big acquisition, it should glean some benefit from the groundwork.

"Look, unless we go back how d'you expect us to hold a postal ballot?"

Men and Matters

Crying foul

It may be an uphill task to convince FT readers that a row between the champagne and oysters set and yachtsmen is anything more than the frivolity high living. Nevertheless, I will try.

What is allowahle on the Queen Elizaheth 2 and supertankers will soon be illegal on a weekend sailor's Saucy Sue if the Department of the Environment gets its way.

The story starts in the oyster beds. The Ministry of Agriculture, Fisheries, and Food, after encouraging the importation of Pacific oysters for breeding in British estuaries, is alarmed about falling production.

One outspoken West Country oysterman, John Lamble, claims that part of the problem is bad husbandry. He says he is thinking of reporting some of his competitors to the RSPCA for cruelty to molluscs.

Ag and Fish scientists, however, say the oysters may be suffering from poisons contained in modern anti-fouling paints (organo-tin compounds) used to protect the underwater hulls of vesels from barnacles and weeds.

The DOE has hoisted that thought on board in proper nautical style. Environment junior minister William Waldegrave is now seeking a total ban on use of the paints on boats under 12 metres long. The Government can do that under the Control of Pollution Act without the ban even being discussed on the floor of the Commons.

The British paint industry, a leader in marine paints technology with £200m worth of world business annually, is horrified at this environmental intrusion to protect the oyster trade which has a tornover of under £1m a year. "Safety at sea will be jeopardised, fuel usage will climb, and anti-fouling technology will be put hack 15 years at a stroke," says Roger Levick of the Paintmakers Association.

The Royal Yacchting Association, foreseeing foul bottoms for 120,000 small boat-owners, will be asking pointedly about the millions of tonnes of shipping also using these paints which will escape the proposed ban.

Meanwhile the oyster, somewhat perversely, is thriving in the Solent and Poole harbour areas where yacht concentrations are greatest. "Solent oysters are breeding like rabbits," says Peter Viggers, Conservative MP for Gosport.

Price's plan

Price Waterhouse's strategic plan, shelved during the abortive merger negotiations with Deloite Haskins and Sells, today finally sees the light of day. Howard Hughes makes up to the new post of managing pertner, and Tim Hoult takes charge of marketing — a nasty commercial word over which the accountants apparently dithered for quite a while.

This leavas senior partner, Jeffery Bowman, dropping his day-to-day responsibilities on reaching the ripe old age of 50, and taking much more of a chairman's role. PW's top man in the UK for not quite three years now, he explains: "I wanted an initial period of holding the reins myself. Now is the time to make the change."

Bowman is now free to pursue longer term strategy—which does not include any more major merger proposals, I gather — and to cultivate relations with clients and the City and business community. Already, he sits on the Accounting Standards Committee.

Insiders will also note the elevation of Alan Wheatley to the key post of director of the London office, the higgest single hranch in the worldwide PW empire. His rumoured opposition to the Deloittes deal thus appears to have done him no harm in the promotion slakes — perhaps not surprisingly when Jeffery Bowman confirms that the great majority of the UK partnership gave a sigh of relief when the merger collaosed.

"Most peopla in the UK were not very enthusiastic about the proposals hut were preoared to consider them in the interests of tha worldwide firm as a whole," says Bowman guardedly.

Water bright

The fastest-growing sector of Britain's food and drink market is a product which is guaranteed to contain absolutely no food value. Pure water is going down extremely well.

Consumption of mineral waters in Britain quadrupled between 1979 and 1984 according to a survey by the Leatherhead Food Research Association.

Several mineral water producers and bottlers report growth of around one-third in sales last year. That compares with a steady fall in national consumption of fresh fruit and vegetables for several years past.

The inferenceof the survey is that in the current national food fads a "healthy image" is only good for food sales if it is also linked to convenience in preparation, keeping, and serving. Which seems to be why fresh fruit and vegetables are losing out — they have to be peeled or scraped in most cases.

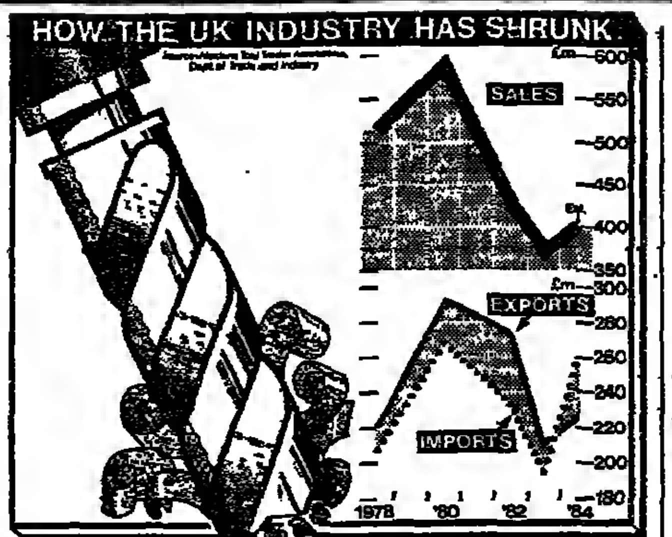
The puzzle for the nutritionists is why cream defies the trend. Total cream sales rose by nearly eight per cent in 1983 to £76m worth of retail business. To make sure that cream sales do not falter on grounds of convenience the food industry is now pushing its aerosol dispensers of fresh plain or chocolate flavoured cream.

Observer

UK machine tools

A fight-back at the eleventh hour

By Andrew Fisher



WEARY and battle-scarred, Britain's machine tool companies are fighting back at the eleventh hour in a market that seems clearly, if belatedly, to have swung in their direction.

New business has been rising steadily over the past year or so, vindicating the faith of those manufacturers who decided to stick it out through the rough times, shedding capacity and streamlining their product ranges along the way.

British companies have been picking up big home and foreign orders, aided by the effect of the strong dollar on exports and the pick-up in major economies, notably across the Atlantic. New orders in the final quarter of 1984 were nearly 30 per cent above the same period of 1983.

Some companies like DeVlieg, which is U.S.-owned, and TI Machine Tools have booked a 50 per cent rise in business in January-March, 1985, over a year ago. "We are very busy and so is everyone I talk to," says Mr Eddie Addison, chairman of Addison Tool and president of the Machine Tool Trades Association (MTTA).

Addison Tool has taken only three months to achieve the sort of home sales figures it was expecting for the first nine. Most of the UK demand is coming from small- and medium-sized rather than big engineering firms. "I do not foresee any let up this year."

DeVlieg has just won an order worth £1m to provide equipment for a $10.6m (£8.6m) flexible machining system that its parent is building for General Dynamics of Texas. And TI is providing Jaguar Cars with machining centres worth over £500,000 to make engine parts.

All this is a long way from the harsh climate of several years ago. The recession hit UK manufacturing industry with such ferocity at the turn of the 1980s that machine tool makers found large chunks of their markets had disappeared, notably in the motor and engineering sectors. And the Japanese, then far more market-oriented than British companies, tore into the UK, aided by the strength of sterling.

"The market fell away very suddenly and surprisingly," said Mr Mark Russell, chairman of B. Elliott, which has also put its machine tool activities through a radical gear shift. "We didn't think it would go as deep as it did for as long as it did."

Machine tool companies make equipment on which their customers manufacture their own products. The machinery enables users to advance productivity and shave costs. In recent years, this has been possible most obviously through application of electronics (CNC, or computer numerical control) to lathes and machining centres.

The survivors among UK machine tool makers—a major casualty has been Alfred Herbert, the demise of which gave the industry a negative image from which it is still finding it hard to recover—have had to put their house in order in several ways.

They have had to take a long, hard look at their products and decide which fitted the market, abandoning the rest. In several cases, licence deals have been signed with Japanese companies as a way of filling gaps in product range which it would have been too costly and time-consuming to do alone.

One group which tired altogether of persistent machine tool losses was John Brown, which sold its two Coventry subsidiaries, Wickman and

Big home and foreign orders have been won

Webster & Bennett, to Ketlon, a Kent-based maker of motor parts mainly for Ford. Renamed Wickman Bennett, the company expects 1985 sales of £15m and has boosted the workforce from 180 to 340 people.

B. Elliott, long a stalwart of the UK industry, closed two of its four machine tool plants in England a year ago, concentrating its precision grinding machines at the Newall plant in Keighley, West Yorkshire, and milling machines at Butler in Halifax, once a thriving centre of the industry. It amalgamated the two companies under the Butler Newall name.

For Alfred Herbert, once the doyen of the UK industry and then taken over by the National Enterprise Board in 1976 after sliding into the red, the final blow came in spring 1983. It had been liquidated by the NEB three years before. Its lathe business was bought up, with institutional support by an entrepreneur, Mr Ron Lynch, who got it back into profit only to succumb to heavy debts at a time of recession.

This remnant of the Herbert group went into receivership with debts of £17m. At the end of 1983, TI picked up the Herbert CNC lathe range to add to its Churchill specialised custom lathes. By this time, the Government had given up the search for a likely leader to try to reinvigorate the industry.

Jobs have suffered considerably in this process. Redundancies over the four years of 1980 to 1983 totalled more than 15,000 out of a total workforce of some 45,000. Sales by UK machine tool makers in 1983 were around £370m, less than the 1977 level, with the 1984 level around £400m.

The recession in domestic manufacturing industry removed a large slice of the UK machine tool makers' traditional markets in a frighteningly short time. "The market is only half what it was," says Elliott's Mr Russell. The company recently won orders worth £6.5m from General Motors of the U.S. for grinding machinery and has just booked two more totalling £1.25m from the U.S. aerospace industry.

Along with the increased emphasis on electronics, as surviving industrial companies strive for greater efficiency and cheapness of output, machine tool makers have had to pay more attention to the product, design and quality needs of their markets.

"Nobody wants to see the UK machine tool industry shrink more than it has," asserts Mr John Wareing, brought in recently as managing director of TI Machine Tools. "There is an enormous opportunity now—we've got to sharpen our image with our customers."

Companies have tended to make the following key moves in an attempt to stay in, or ahead of, the game:

● Change their product mix dramatically. Leicester-based Wadkin jettisoned one-third of its models, such as universal milling machines, rotary millers for the domestic appliance industry, and a number of big bespoke machine tools.

"We decided we had to address the horrendous cost equation or get out," says Mr Michael Goddard, the chairman. Wadkin had started along this road in the late 1970s, but was propelled along a lot faster and more painfully as a result of the recession, inflation and the Japanese import surge.

It now concentrates on vertical machining centres, which it has mostly been selling in the UK since it experienced a sudden rush of demand from late 1983, partly helped by Government grants (now

The buyers all demand top quality

ended) for investment in automation.

"The order book just went screaming mad." Production went up fourfold in the 15 months to end-1984. Wadkin, which wants to get its export levels up from the current 15 per cent—other UK companies are much higher—telescoped assembly from 20 to four weeks. It made machines with 20 per cent fewer parts as a result of designing specially for economic manufacture.

But Mr Goddard has not taken Wadkin down the road followed by a number of companies to fill out their product ranges, while saving time and cost, namely:

● Fixing up licence deals with leading Japanese companies. KTM has done so with Mitsubishi, Bridgeport Textron (another U.S.-owned concern) with Yasuda, TI with Takisawa, and DeVlieg with Okuma. All involve machining centres, a fast growing market helped by demand from the aggressive new breed of sub-contractors which have emerged to take on component work farmed out by the big engineering groups.

"More and more work is being done by smaller and smaller companies," says Dr Stephen LeBeau, marketing director of U.S.-owned Bridgeport Textron, also in Leicester. "The larger companies will eventually be assemblers only."

Those sceptical of foreign licence deals believe the Japanese ability to achieve low prices through high volume is not easily replicable in other markets. But the UK companies that have signed them reckon they will benefit by rounding out their range and latching on to Japan's expertise in unfamiliar products.

Strong support for licence deals came from a recent report on the industry by the Technical Change Centre, a private research body. The joint venture route, it argued, offered UK companies the most promising way to achieve the conditions for competitive success.

But could UK companies have saddled themselves with a dangerous ally in linking up with the Japanese industry? Yes, said the Technical Change report, if British firms become too dependent on their new partners and do not absorb the transferred technology to become more competitive.

With the strains and traumas of survival and reconstruction, the last few years have been exhausting for the machine tool makers. "It's been a very expensive learning curve," says Mr David Wilcock, director of marketing and planning at TI Machine Tools.

For most of them, the expensive phase of the journey is now over. The current order surge may be seen as a long-awaited reward for the years of toil, but it is continued honing of marketing skills and attention to quality and customers' needs that will keep them at the upper end of the industry graph.

Labour costs and economic growth

Why two supply shocks are now needed

By Jean Waelbroeck

THERE ARE two large surpluses in Europe. The Brussels lake district, pretty wine and olive oil lakes that mirror lovely food mountains. And the drab army of the unemployed.

Nine out of ten economists will agree that pricing errors account for the agricultural surpluses. On real wages, nine out of ten will run discussion in all directions that seem likely to befuddle the issue. That is understandable. Wages are the prices of men; it is hard not to be emotional about them. There are, however, 20m unemployed in Europe.

In pure theory, we know that there are prices that balance supply and demand on all markets. There is no need for fiscal policy: supply creates its own demand. Yet there are such deep Keynesian ruts in our minds that it is useful to go over the reasoning.

Imagine a South Sea island, call it Albion, that has managed to see without being seen and has copied the benefits of civilisation, up to and including shop stewards who defend fiercely a target growth of the real wage. It produces one good, that may be consumed or used as machines, of which the latest are the most productive. Payment is in specially inscribed cowrie shells, issued by Grand Vizir Lah San, in accordance with the sultaness's Long-Term Cowrie Strategy (LTCS).

After a shipwreck, a machine floats on to the beach. A firm is set up to use it. I will show that this "supply shock" generates the demand needed to absorb the extra output.

The new firm at first draws orders away from an existing one—aggregate demand is still as it was. That other firm was worth operating initially, it is still profitable since the price/wage relation is rigid. It cuts its price to get back in business, competitors follow suit, the wage in cowrie shells falls.

The LTCS fixes the cowrie shell supply. With output worth less, that market is now more liquid: the rate of interest falls, and investment rises. Thanks to the multiplier, consumption follows. The price fall stops when the new firm is in operation, and all the old ones too. A supply led upswing has taken place.

Assume now a different situation. A new sultan, Kin Auk, has come to power. After some thought, he keeps the LTCS, realising that inscribing more cowrie shells will not make a single firm profitable that did not make money before. He is lucky to persuade the unruly shop stewards to accept a real wage cut. The story is the same. Is a machine "discovered"? Indeed: the one that was to be discarded at the old wage rate.

Of course the world is not so simple, demand policy has some effect. But never forget supply led growth. Mr Reagan's success is supply and demand led, M Mitterrand's failure was demand led and supply dragged. Mrs Thatcher's failure is demand and supply neutral: the LTCS, and better productivity by and large offset by higher wages.

Cutting wages is not the lone talisman

What is wrong with this reasoning in a deeper sense?

It is too casual in describing how prices are set. Think of the economic news. The Coal Board/CEGB contract. The whole world trying to guess the next second's dollar rate. EEC agricultural marathons. Wages. How can we know that this complex scheme will lead to the right prices?

Keynes, who had lived through the 1926 general strike and the stubborn overvaluation of sterling, thought that nominal wages could not fall. Real wages could be set right only by floating up goods prices through deficit spending. To take another example, in today's Britain it can happen that since (whatever the parties' intention) wage contracts are spelled out in pounds, workers get a windfall as prices fall unexpectedly, and then just hold on to this. And so on. At golf, though the lie of the hole is known, how to get out of a rough may be no simple matter.

Thus the institutions of price setting are the root of the matter. But if that is true, that is what economists should work on.

Mr Kin Auk will regret that workers copied the British and not the Swedish union system. He will keep gratefully on the books his predecessor's law, that does not allow three score shop stewards to take out on strike 3,000 men without a vote. Surprisingly simple tricks may work. Modifying the Scala Mobile in Italy. The Layard tax on excessive wage increases. Or sophisticated ones, the Weitzman scheme discussed in these columns.

Most of all, public opinion should understand the issue, that is why economists should practise casuistry less. As to labour market institutions, it is crucial that it is employers who accept wage demands and that they may give too much. If that sounds strange, it must be kept in mind that there is no market to guide what they decide, as for instance there is one for ICI stock. Whether he has a union like Ford or none like IBM, each employer will guess the going rate, and give that if he can afford it. For wages are the prices of men and, unlike chairs and tables, men don't work well if they are angry about their price. Only firms going bankrupt know better who listens to them?

Last and not least, cutting wages is not the lone talisman that will keep unemployment at bay. Chancellor Lawson's elasticities suggest that a 12 per cent cut would be required to make a useful dent in unemployment. The enormous boost to profits that would result would be widely regarded as wrong. Worse, as Talleyrand said of one of Napoleon's misdeeds, "C'est plus qu'un crime: c'est une faute"; the policy would fail. The shop stewards would take their men out. With profits so high, firms would give in. Wages would jump back up.

That is why two supply shocks are needed: lower real wages, but also more machines. Not floated on to the blindingly white beaches of Albion, but bought by greedy men. Greedy men who think that money is happiness who want it for power, not taking time to discover that a thing of beauty is a joy for ever. The greedy bourgeois that Marx has admired. The fools. They make the economic wheels go round.

They opened up the North Sea. There was money in the salty deep. They will create 20m jobs, if creating jobs is the royal road to wealth.

The author is Professor of Econometrics and Mathematical Economics at the Université Libre de Bruxelles.

Letters to the Editor

Co-operation across borders

From Ms Jane Welch

Sir,—Dr Hermann was somewhat unfair in his assessment of the European Economic Interest Grouping (March 20). Why not give some credit to the commission for a relatively modest proposal which requires no major concessions from the member states? It is aimed purely and simply at facilitating cross border co-operation within the EEC, and while everyone would agree that the large multinationals mentioned by Dr Hermann need little help in this direction, the same cannot be said of smaller undertakings or individuals who are eligible to join the grouping.

The change of name from the European Co-operation Grouping was due not to the insistence of the French but to pressure from the European Co-operative movement which felt that there was a danger of confusion. The decision as to whether the grouping will have legal personality is left to each member state, but in any event the extensive legal capacity which the grouping enjoys under the regulation makes the question of legal personality an academic irrelevance.

Dr Hermann is of course on stronger ground when he questions the compatibility of the EEIG with EEC competition rules. The danger does exist that a grouping may contravene Articles 85 or 86 but in this respect it will be no worse off than any other joint venture. What is surprising is Dr Hermann's suggestion that undertakings should be allowed automatic exemption from the competition rules by the simple expedient of forming an EEIG.

This would create precisely the sort of privileged supranational entity that the Commission have been anxious to guard against. They have stressed throughout that, apart from the specific rules laid down in the regulation, the grouping will be subject to the national law of the state where it operates.

The principle of unlimited joint and several liability of members for the grouping's debts may deter potential members, but it does provide valuable protection for third parties who may otherwise be reluctant to trade with the grouping. Nor is the procedure quite so arbitrary as Dr Hermann makes out—a creditor cannot take action against an individual member until a demand for payment has been made to the grouping itself and the grouping has failed to meet the demand within a reasonable period of time.

As for the suggestion that setting up a limited company for the purpose of membership somehow amount to an "abus de droit," this is an attempt at scaremongering which is unworthy of Dr Hermann.

The grouping is entirely optional; no harmonisation of company law is involved. It is free of the taxation and employee participation problems which have bedevilled other attempts to facilitate cross-border co-operation, and it offers a degree of flexibility which we in the UK and Ireland may take for granted but which is not necessarily enjoyed by businesses in other Member States.

Jane Welch.
Senior Research Fellow in Company and Commercial Law
Institute of Advanced Legal Studies,
University of London,
17, Russell Square,
London WC1.

Chinese walls and conflicts of interest

From Mr S. J. Green

Sir,—Mr Robertson (March 28) is at pains to explain why Chinese walls should not be totally impenetrable and why disclosures should be less than the Government's White Paper suggests. Clients of Barclays de Zoete Wedd should not worry about possible conflicts of interest as the new financial hypermarket will be establishing a compliance department.

What he did not explain was that the compliance department would be staffed by outsiders reporting to outsiders appointed by outsiders. If this is not to be, could he tell us what proportion of the company's creative advertising budget will be allocated to funding the proposed compliance department?

S. J. Green,
Fraser Green Ltd.,
2, Friars Lane,
Richmond, Surrey.

How MIRAS hits the self-employed

From Mr D. Scoffield

Sir,—I would like to bring up your attention one of the most serious shortfalls in the present MIRAS (Mortgage Interest Relief at Source) systems of tax relief on home loans.

Take the example of an individual who wishes to start up his own business either as a sole trader or in a partnership. This individual already has a mortgage on his property for which he pays net interest to the building society under the MIRAS system. To facilitate his business venture he wishes to release part of the equity in his home by way of a re-mortgage.

In this example the individual will complete the Form MIRAS 3 which relates to hybrid loans, ie, where part of the total loan is for purposes other than house purchase or home improvement. The Revenue will then insist that the whole loan, including the proportion previously attracting relief at source, is taken out of the MIRAS system and subsequent repayments collected on a gross basis.

Tax relief is, of course, available, in the case of money raised to start a business, on the whole loan and is available through the individual's tax assessment under Schedule D for income tax. And this is the heart of the problem. The individual will not see the benefit, in the form of a lower tax bill, for several years (opening years rules, for basis of assessment) and for the whole period he will be repaying his mortgage on a punishing gross basis.

Cash flow is all important and having to pay gross interest can mean the difference between success and failure to a new business. Certainly it can act as a serious deterrent and prevent the individual from setting himself up in business.

The anomaly is compounded as the individual can maintain his existing mortgage on a net basis and effect an alternative route, a second mortgage, for the additional monies. Second mortgages carry higher rates of interest on account of the inherent second charge structure. The entrepreneur is thus forced into higher charges as a direct result of the MIRAS system.

In addition, if the individual moves house and takes the larger mortgage on the new property, MIRAS relief is available on the whole loan. The desired result but misallocation of resources in respect of removal expenses, solicitors fees, etc.

As the Revenue allow MIRAS on the first £30,000 of larger mortgages, there really is no excuse for not incorporating the facility of relief on the relevant part of a hybrid loan.

The whole issue is only one of initial teething problems for the Revenue, I am sure but how ironic that a Government so committed to helping small businesses, manages to discriminate so potently against them.

Dominic Scoffield.
Lawrence, Scoffield and Co.,
40, Josephs Well,

In defence of the ECU

From Mr B. Cassidy, MEP

Sir,—Dr Wilhelm Nölling, President of the State Central Bank, Hamburg, claims (March 27) that the European Currency Unit (ECU) is a softening influence which is "dynamite *for the stability of the system*" (the European monetary system, that is). Could that be the reaction of an embattled German central banker?

The ECU has acquired an enormous market for itself in an increasing range of international commercial transactions in spite of rather than because of the attitude of central banks. All central banks within the European Community (with the exception of the Bundesbank) have now come to appreciate its usefulness not only as a hedge against foreign exchange fluctuations (the only virtue Dr Nölling is prepared to credit to it) but also as a vehicle for international financial transactions such as loans to *non*-EEC countries like India and the Soviet Union.

Indeed, from this year, a further use is planned — the issuing of ECU denominated travellers' cheques. This is an important step towards making the ECU available to the citizens of the European Community in their everyday lives.

The ECU's success has been achieved by the cleverness of bankers, mainly in the private sector, who have developed it alongside the framework of the EMS. It is not inconceivable that if the ECU continues to be used in an ever wider range of international transactions, the EMS may no longer be needed for anything except meetings of central bankers and Ministers of Finance.

Dr Nölling's objections to the ECU bear an uncanny resemblance to those of the British Treasury to the EMS—most notably the risk that external factors might have an influence over domestic policy (as if they didn't already).

Your readers may be reassured to know that when he advanced them recently at a meeting at the European Parliament in Strasbourg, the German MEPs who were present were very critical of his negative attitude and that of the Bundesbank towards non-governmental (or private) use of the ECU.

Bryan Cassidy.
97 Portland Road, London W11.

Undergraduates undervalued

From Mrs D. A. Myers,

Sir,—We read a lot lately about the shortage of good engineering and technical graduates in this country.

My own son is a typical example of a student seeking initial training opportunities and experience in industry by way of summer vacation work. A second year mathematics undergraduate at Imperial College, with excellent credentials, he has during the last two year sent countless letters and CVs to companies, both large and small. So far he has had only negative responses. He now feels very discouraged and has started to worry about his job prospects after graduating.

D. A. Myers (Mrs),
41, Trevelyan Crescent,
Harrow, Middlesex.

FINANCIAL TIMES

Wednesday April 3 1985

NO EARLY U.S. ACCESS TO TELECOMMUNICATIONS MARKET

Japan promises liberalisation

BY ROBERT COTTRELL IN TOKYO AND NANCY DUNNE IN WASHINGTON

U.S. DEMANDS for better access to Japan's telecommunications market seem unlikely to be satisfied immediately, although promises of future improvement will probably be made following two meetings between Prime Minister Yasuhiro Nakasone and two American envoys at the weekend.

This emerged yesterday as officials in Washington studied the concessions offered by the Japanese leader, and President Ronald Reagan moved to defuse calls in the U.S. Congress for new protectionist legislation.

The U.S. Cabinet met to consider two proposals Mr Nakasone is reported to have made to the two envoys, Mr Gaston Sigur of the National Security Council and Mr Lionel Olmer, the Commerce Under-Secretary.

He is said to have given assurances that one or more Japanese employed by a U.S.-affiliated company will be named to the council which advises the Japanese Government on telecommunications policy, and to have pledged that the number of technical standards for telecommunications' equipment will soon be decreased.

The U.S. Government sees the newly liberalised Japanese market in telecommunications as a major opportunity to decrease its $37bn trade deficit with Japan.

The market-access row is embarrassing Mr Nakasone, whose party political rivals say he has aggravated U.S. pressure by promising more concrete measures to President Reagan than be was in a position to deliver. Japan's politicians are generally less powerful than its senior civil servants. Mr Nakasone has said he will announce on April 9 a wide-ranging package of measures to help sales of U.S. products and services in Japan.

In an interview published yesterday in the Washington Post, President Reagan expressed confidence that Mr Nakasone will act to pry open Japanese markets to U.S. goods. "Just as I do, he's got some political problems," Mr Reagan said.

For the moment, however, Japan's bureaucrats are more concerned with advertising the merits of the country's new telecommunications structure than with encouraging expectations of rapid change. "We feel that we have done reasonably well," said Mr Michihiko Kunihiro, director-general of the Japanese Foreign Ministry's Bureau of Economic Affairs, yesterday. "We are still prepared to improve if improvement is necessary."

Among the major areas in which the U.S. believes Japan still has room for improvement is that of the standards procedure for approving new imports of telecommunications hardware. Japan's checklist now includes 30 specific points, down from 53 under the old regime. Japan has "invited American experts from private sources as well as government to join us in further study" of whether these 30 can be reduced, Mr Kunihiro said.

On the issue of the membership of the advisory committees, Mr Kunihiro said there was "no intention of refusing a Japanese national who belongs to a foreign affiliate in this country. However, at this particular moment the whole membership is filled by Japanese (who do not)." Japan hoped to "accommodate" the desire for foreign corporate representation "very soon." A representative from IBM Japan, is believed to be a possible choice.

The U.S. is also concerned that Japan's standard-testing engineers may be biased against imported equipment, since the engineers are recruited from NTT and domestic electronics manufacturers. "We have had to use people who do certain work, bad to use people who had certain kinds of experience doing this job," Mr Kunihiro said. However, he said, the engineers have signed written undertakings not to accept payment or advise from their former employers, and face legal penalties if they do so.

U.S. companies who want to provide sophisticated telecommunications services on a fee basis in Japan, as they are now permitted to do, fear that various official requirements to "license," "notify" or "register" such services could be used by Japanese ministries as weapons to discriminate against foreign entry. Mr Kunihiro said not. "Our aim is competition," he argues; "we would like to minimise whatever regulation we consider necessary. There is no comparable free market in the world apart from the United States."

It is not clear whether the concessions will be enough to satisfy Congress, where various protectionist bills are winding their way towards a vote. Mr Thomas P. "Tip" O'Neill, the Speaker of the House, has announced the formation of a 17-member Democratic Party trade task force "to study all aspects of the trade problem."

Greece now resolved to stay in EEC

By Andriana Ierodiaconou in Athens

DR ANDREAS PAPANDREOU, the Greek Prime Minister, signalled a 180-degree turn in Greece's EEC policy yesterday when he declared that his Government was resolved to stay in the European Community and fight for better economic benefits rather than engage in costly withdrawal – despite the negative effects of European competition on Greek industry.

Since their sweeping election victory in 1981 on a foreign policy platform – which included the pledge to pull out of the EEC pending a referendum – the Socialists have been back-pedalling on this policy. Their change of heart has had much to do with the positive effects on Greece's current account balance of receipts from the Community, which climbed from 10.1bn Drachmas ($74.8m) in 1981, the first year of full membership, to 70.35bn Drachmas in 1984.

Dr Papandreou suggested in a press conference that the shift in policy was linked with the feeling that Greece won its spurs as an EEC member in the past few months' wrangling over extra development funds for the Mediterranean regions of the Community.

The Prime Minister said he viewed as a "diplomatic triumph" the deal achieved last weekend in Brussels under which Greece will get about Ecu 2bn ($1.44bn) in Mediterranean funding in the next seven years. "I think the EEC has realised that although we are a small country we are not beggars. Our intention is to remain in the Community, continuing, however, to fight for our rights."

He went on to link the resumption of a dialogue with Turkey – aimed at resolving the two countries' disputes in the Aegean – to the end of the 11-year occupation of northern Cyprus by Turkish troops. He also insisted that Ankara must waive all objections to the current legal status quo in the Aegean. A dialogue on any other terms would be "suicide," Dr Papandreou said.

"Before Mr Ozal proffers olive branches he would do well to come up with something substantial – we have plenty of olive trees here in Greece," the Prime Minister quipped, referring to a proposal in March for a meeting, made by Mr Turgut Ozal, the Turkish Prime Minister.

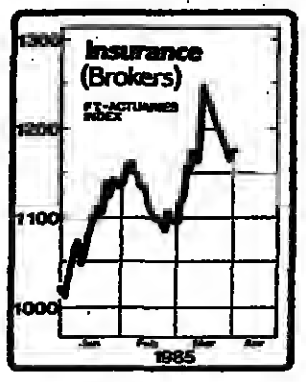
Ministers abandon farm talks, Page 3

THE LEX COLUMN

Sedgwick pays a premium

Off and on, Sedgwick has been involved in the most grandiose of insurance-broking merger plans ever since the formation of mega-brokers became fashionable. Indeed, its heroic attempt to cut through international taxation differences and get spliced to Alexander & Alexander was one of the first and largest deals – although one of the first to founder. This time round, just as Alexander & Alexander seems to be going through a rough patch in its engagement to Reed Stenhouse – with talk of financial shortcomings on both sides – it is to be hoped that Sedgwick has at last pulled off the U.S. merger it has been looking for.

The $650m of Sedgwick shares that are being issued in to pay for Fred S. James should create a broking combine that comes about second in the world both for revenue and for profits. By issuing 39 per cent of its enlarged equity to Transamerica, in exchange for 100 per cent of James, Sedgwick is aiming to replace some of the Lloyd's business that it used to get from A&A – among others in the U.S. – as well as to cash in on the tightening of the U.S. retail market in the next couple of years.



Structurally, this makes a lot of sense, yet it seems that James will have to work very hard if Sedgwick shareholders are to escape earnings dilution. If James achieves the forecast 60 per cent jump in dollar earnings, there still appears to be a dilution of about 10 per cent in the first year. Although the forecast looks demanding, Sedgwick can doubtless arrange for James to see a bit more business if things turn sticky as the year goes on; for Sedgwick shareholders, the real justification for the deal will have to come from earnings growth in 1986 and later. At least there is no cash consideration.

For Transamerica, a highly geared conglomerate which paid $300m for James two years ago, the terms must seem easily handsome enough – even without a book profit – to justify staying as a minority holder of Sedgwick for four years. There could be a turn at the end of that, too.

BAT/Mardon

It was, perhaps, just as well that BAT Industries emphasised yesterday that it was in no tearing hurry to sell Mardon, the packaging and printing business which it has put up for auction. On the face of it, there are no obvious buyers. BAT is sounding a retreat which has already been beaten by Bowater, Reed and Metal Box in the UK. It is almost certainly no coincidence that, whereas the disposal of International Stores and the cosmetics business was announced once a purchaser had been found, BAT is on this occasion placing unpaid advertisements in the press.

In theory, BAT could realise around £200m for a debt-free Mardon. An earnings multiple of about nine times looks appropriate for the business, which made £34m at the trading level last year. BAT has the option of selling the geographical divisions one by one but appears to prefer the idea of a single deal. The book profit is unlikely to be substantial – Mardon's net worth is probably around £125m on a historic cost basis and £175m on current cost – and the business was valued at £176m as long ago as 1979, when BAT bought a 50 per cent share from Imperial. But at least BAT will have achieved its strategic objective of whittling down a disparate portfolio to four core divisions. And making cigarette packets is so much less exciting than selling insurance.

Standard Chartered

By choosing not to subscribe to its South African subsidiary's rights issue, Standard Chartered has not only added some welcome fat to its capital ratios – it has also extricated itself neatly from a heavy presence in that country which was promising to become both a political and a financial embarrassment.

Now that Standard's stake in Stanbic is to be reduced to 41.9 per cent, South African profits and assets will not be consolidated. In 1984, this would have left a £53m dent in pre-tax profits – though hardly any in earnings per share. The balance sheet will now shrink by £6bn and some of the rights issue proceeds will be added to equity, pushing the free capital ratio up to a respectable 5.3 per cent. Since Stanbic's advances grew by 55 per cent last year, putting some strain on its parent company's balance sheet, it seems only appropriate that the South Africans should stump up the cash to bring the ratios back into line.

If improving gearing was Standard's main motive, its timing on other fronts was impeccable. Stanbic did particularly well last year in the first stages of the recession with prime rates of over 20 per cent, but will have bills to pay from now on if drought-stricken farmers start to default. And with anti South African pressure mounting, especially in the U.S., Standard's image can only improve now that it has lost its controlling stake. Given Barclays' problems on the same score, it might be wondering whether to follow suit.

BCI/Atlantic

Blue Circle Industries has proved a shrewd buyer of U.S. assets in the past so it deserves the benefit of some doubt about the price being paid for Atlantic Cement, the Newmont Mining subsidiary.

None the less, $145m looks a rich price for a business which made $3.6m pre-tax last year. Even assuming that Atlantic makes almost three times that figure in 1985, BCI is unlikely to show a positive return after funding costs.

Even on an asset basis, the group seems to be paying rather more for Atlantic than it stumped up for the Martin Marietta operation two years ago.

BCI is presumably reckoning that it can improve the returns by converting from a wet to a semi-wet process and by integrating Atlantic with its existing U.S. cement distribution network. And, in the market's eyes, initial earnings dilution may not seem much of a price to pay for an acquisition which will further reduce BCI's dependence on low quality Mexican and Chilean earnings.

The deal is being funded locally in dollars and will push BCI's debt/equity ratio to about 45 per cent. That is a little higher than the industry norm but at least the assets are rock solid.

Industrial gas prices set free in France

By Paul Betts in Paris

THE FRENCH Government deregulated industrial gas prices yesterday as part of its continuing efforts to liberalise prices in the country.

The move follows the decision last January to lift all existing controls on petrol prices in France. An increasing number of industrial products have had their prices freed, and Mme Edith Cresson, the French Industry Minister, announced at the weekend the Government's intention of lifting price controls on cars this summer.

Under the deregulation of industrial gas prices Gaz de France (GdF), the French gas utility, will be able to set freely the prices it charges to about 1,300 industrial gas users. These industrial customers account for 27 per cent of GdF's annual turnover and 40 per cent of its gas volume sales.

GdF immediately announced yesterday that it would increase the rates for its industrial users by an average 6 per cent from next Monday. The utility said M Pierre Bérégovoy, Finance and Economy Minister, had agreed to let GdF set its industrial prices freely. The ministry indicated yesterday that the move was consistent with the other recent decision taken to liberalise prices in France.

The Government did not, however, lift price controls on gas supplies for domestic consumers. None the less, the liberalisation of industrial gas prices is expected to generate additional earnings of nearly FFr 1bn ($105m) a year for the gas utility.

GdF has seen its losses swell to FFr 3bn last year and is expected to show a similar loss this year. Among other factors, the utility has had to take over on its budget the so-called additional "political cost" of Algerian gas supplies to France. In the past this additional cost was borne by the French Foreign Ministry.

GdF is also seeking more flexible terms and lower prices for the gas it buys from the Soviet Union. This is among the issues dominating the current economic talks in Paris between France and the Soviet Union. France is seeking new industrial contracts with the Soviet Union worth at least FFr 5bn this year to compensate for the growing trade deficit with Moscow, largely on account of increased Soviet gas supplies.

BAT seeks bids for Mardon Packaging International unit

BY TONY JACKSON IN LONDON

BAT, the UK-based tobacco-to-insurance multinational, wants to sell its Mardon Packaging International subsidiary for a price expected to be around £200m ($240m). No buyer has yet been found.

The group said that Mardon, though an important and successful business, was not likely to develop to a scale comparable with BAT's four chief business areas – tobacco, paper, retailing and financial services. Last year Mardon made trading profits of £34m – 40 per cent up on the year before – on sales 22 per cent ahead at £608m. Trading profits for the group as a whole were £1.15bn.

BAT has already sold its interests in cosmetics and food retailing as part of the process of concentrating on its four key businesses, and said that no further major disposals were planned. The group has further minor interests in packaging and printing – mainly in South America – and a bome improvement business in Germany. These companies fall under the responsibility of local management, however, where as Mardon is the only business outside BAT's four main areas to report direct to the main board.

Mardon is one of the largest and most diverse packaging groups in the UK, besides deriving around half of its sales from overseas. Its interests range from folding cartons such as cigarette packets to flexible plastic packaging and plastic bottles. It is also a leading producer of cans for pet food.

It was set up in 1962 by Imperial Tobacco, and BAT took a 50 per cent stake at the time. BAT bought the remaining 50 per cent for £87.8m in 1979. During the years of joint ownership, Mardon expanded rapidly, chiefly through acquisition.

BAT said it was in no hurry to sell and Mardon's development and investment programmes would continue unchanged in the meantime.

Lazard, the merchant bank handling the sale, said it was unable to make any comment on the probable price range, but analysts suggest the price is likely to be in the region of £200m.

See Lex

UK bank cuts S. Africa stake

BY DAVID LASCELLES IN LONDON AND JIM JONES IN JOHANNESBURG

STANDARD Chartered Bank, the London-based overseas bank, is reducing its stake in its main South African banking subsidiary from just over half to 42 per cent. The move is being made for business rather than political reasons, the bank said yesterday, and does not represent a disinvestment in South Africa.

The reduction will follow from Standard Chartered's decision not to subscribe to a R177.4m ($344.16m) rights issue announced yesterday by Standard Bank Investment Corp (Stanbic). Its entitlement will be subscribed for by Gold Fields of South Africa and Liberty Holdings, which are jointly underwriting the issue, but it will remain the largest single shareholder.

Stanbic, which is South Africa's second largest banking group, will cease to be a subsidiary of Standard Chartered, and become an associate instead. But the two groups will maintain close business contacts.

Mr Stuart Tarrant, executive director of Standard Chartered, said yesterday that the bank had not come under any pressure from either within South Africa or elsewhere to reduce its interest.

Stanbic's need for capital, however, which stems partly from a proposed tightening of South African bank capital standards and its rapid growth, was rising faster than Standard Chartered felt able to meet. Standard Chartered's post-tax returns from Stanbic would also be little affected by the reduction in the stake.

Dr Conrad Strauss, Stanbic's managing director, said South African banks as a whole had less capital than those in other OECD countries and that they were likely to need more when new banking regulations are introduced later this year.

Although the South African Government has in the past pressed foreign banks to reduce their interest in local subsidiaries to below 50 per cent, it appears to have softened that policy in recent years.

The move leaves Barclays Bank with the largest interest in a South African bank, through its 50.5 per cent-owned Barclays National Bank. It comes at a time when many U.S. banks have decided for political reasons to cease doing business with the Pretoria Government because of its apartheid policies.

The Stanbic rights issue is the largest ever made by a South African banking group. It is on a one-for-five basis, at R12 each, the price at which Stanbic shares have recently been trading.

Last year Stanbic reported a 27 per cent increase in pre-tax profits at a time when many South African banks were performing badly because of high interest rates. Its shareholders funds at the end of the year were R751m and total assets R16.1bn.

Blue Circle in $145m deal for U.S. group

By Joan Gray, Construction Correspondent, in London

BLUE CIRCLE, the UK's largest cement manufacturer, is buying Atlantic Cement, a subsidiary of Newmont Mining, the U.S. minerals company, for $145m.

The purchase will give Blue Circle an extra 2.3m tons a year of cement-making capacity in the U.S., one of the world's fastest expanding markets. Blue Circle has been looking for further acquisitions for some time.

Mr John Milne, Blue Circle's chairman, said: "The acquisition is a significant part of Blue Circle's planned strategic development. "It will create a major operation in the U.S., giving the group a strong base in the UK and the U.S."

The takeover, which Blue Circle hopes to complete by May subject to U.S. Government approval, will give Blue Circle two major cement-making plants in the U.S.: a 1.5m tons-a-year plant at Ravenna in New York state, and an 800,000 tons-a-year plant in Maryland which makes cement from blast furnace slag.

Blue Circle will also acquire Atlantic Cement's 10 coastal terminals in 16 states from Boston to Florida. These are used for delivering cement by barge from the main New York plant on the Hudson River.

Newmont Mining sold the company, which made $3.6m pre-tax profit in 1984, to raise cash to develop its main mining operations.

Blue Circle is not planning any major capital investment in Atlantic, for which it is paying cash, but it expects to be able to improve the efficiency of the company's operations.

Blue Circle owns three cement-making plants in the U.S., in Georgia, Alabama, and Oklahoma, which it bought from Martin Marietta for $103m in 1983. These gave it 2m tons of cement making capacity a year.

It is paying comparatively more for Atlantics because of the stronger market in the U.S., which is now a magnet for British construction materials companies seeking further growth.

See Lex

Channel link

Continued from Page 1

erate a fixed link will be granted under a concession by the two governments. How long that will run bas not been decided, but will depend upon the revenue and cost projections made by promoters when they submit their proposals this autumn.

Promoters will also be expected to supply a mass of detailed financial information on the nature, source and timing of fund-raising to reassure both governments that there is sufficient backing to overcome any delays or cost over-runs and finisb the project.

Hellenic Shipyards closure looms

Continued from Page 1

for charter to the Soviet Union this year, but was reported to face blank order books after that.

Negotiations with Moscow for the construction of four refrigerated cargo vessels, under an economic co-operation agreement between Greece and the Soviet Union, were reported to have run into problems because the Soviets were offering $16m for each ship, about $2m below the market price.

In the past two months the problems of Hellenic Shipyards have been complicated by persistent strike action led by trade unionists affiliated to the governing Socialists and to the pro-Moscow Communist opposition. According to Mr Brissimitzakis, the strikes lost the company "seven working hours out of every eight." Strikers were demanding increased pay and benefits.

Attempts by the management to declare a lockout were ruled illegal, as was the dismissal last week of 25 employees. The plant's management says that mass dismissals of as many as 1,000 workers would have been necessary to eliminate industrial unrest.

Mr Evangelos Giannopoulos, Greek Labour Minister, who bas been working with the strikers and the shipyard management to defuse the labour crisis, was not available for comment yesterday. A ministry official said, however, that Mr Giannopoulos bad begun talks with Hellenic Shipyards directors to seek ways to avert closure.

The ministry declined to discuss the possibility that the Government might resort to nationalisation to keep the yard open. The Socialists are already burdened with more than 30 ailing industries which they have taken in hand over the past three years in an effort to keep down unemployment.

The closure of Hellenic Shipyards will mean the disappearance of one of the biggest single private industries in Greece as well as the first heavy industrial enterprise set up after the second world war.

Mr Niarchos built the plant in a show of tycoon one-upmanship against the late Aristotle Onassis, who retorted by founding Olympic Airways, nationalised in the mid-1970s.

Hellenic Shipyards boasted the largest drydock in the Mediterranean, with a capacity of 300,000 tonnes. The company's total assets were estimated at 18bn drachmas ($133m) and its debts approximately 6bn drachmas. The company's investments are estimated at about 17bn drachmas.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	61	Dubrovnik	S	18	64	Malaga	S	22	72	Salzburg	F	17	63
Akrotiri	F	19	66	Faro	S	18	64	Malta	S	19	66	Seoul	S	15	59
Algiers	S	22	72	Florence	C	14	51	Manila	S	31	88	Singapore	C	32	90
Amsterdam	C	10	50	Frankfurt	C	13	55	Miami	C	19	66	Stockholm	C	5	41
Athens	S	20	68	Funchal	S	23	73	Milan	S	18	64	Strasbourg	F	15	59
Bahrain	C	32	90	Geneva	C	20	68	Moscow	C	6	43	Sydney	-	—	—
Bangkok	C	35	95	Gibraltar	S	25	77	Munich	F	16	61	Taipei	C	20	68
Barcelona	S	15	59	Guernsey	F	12	54	Nairobi	-	—	—	Tangier	S	23	73
Beirut	F	19	66	Helsinki	R	1	34	Naples	S	16	61	Tehran	-	—	—
Belgrade	S	20	68	H. Kong	C	3	37	New Delhi	S	36	97	Tel Aviv	F	19	66
Berlin	R	12	54	Innsbruck	F	19	66	New York	C	4	39	Tenerife	-	—	—
Biarritz	S	22	72	Inverness	C	9	48	Nice	C	15	59	Tokyo	C	15	59
Blackpool	C	10	50	Istanbul	F	8	46	Oporto	-	—	—	Toronto	C	2	36
Bordeaux	C	19	66	Jersey	F	13	55	Oslo	R	3	37	Tunis	S	19	66
Brussels	S	13	55	Jo'burg	S	23	73	Paris	F	15	59	Valencia	S	25	77
Budapest	F	18	64	Las Palmas	-	—	—	Prague	F	16	61	Venice	S	12	54
B. Aires	R	27	81	Lima	S	26	79	Reykjavik	S	1	34	Vienna	S	20	68
Cairo	S	23	73	Lisbon	S	19	66	Rio de J'o	C	32	90	Warsaw	C	14	57
Cape Town	-	—	—	Locarno	S	17	63	Rome	C	17	63	Zurich	F	15	59
Caracas	C	28	82	London	F	16	61								
Casablanca	S	27	81	Los Angeles	C	17	63								
Copenhagen	C	8	46	Luxembourg	F	12	54								
Corfu	S	21	70	Madrid	C	19	66								
Dublin	R	9	48	Majorca	S	22	72								

Readings at mid-day yesterday.

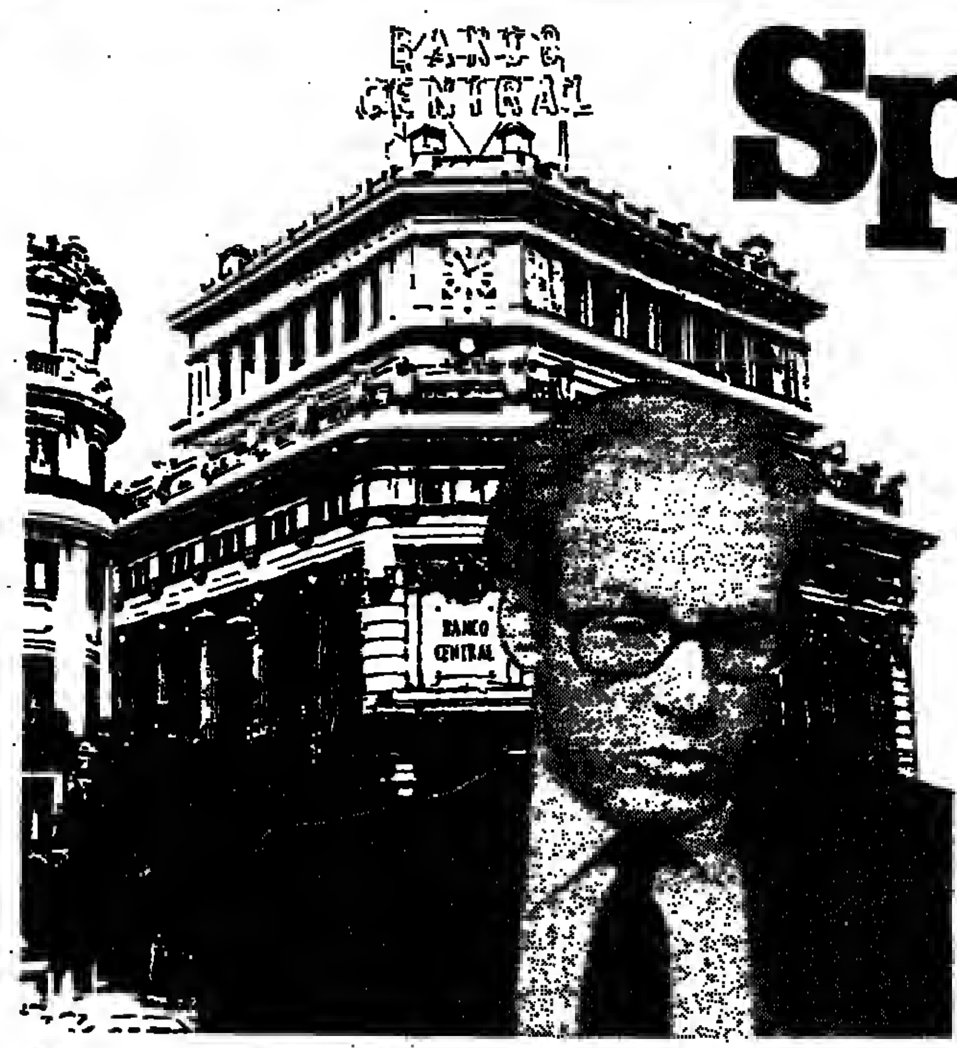
C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main. © The Financial Times Ltd, 1985.

FINANCIAL TIMES SURVEY

Spanish Banking

FINANCE AND INVESTMENT



Spain's Finance Minister, Sr Miguel Boyer: Government objectives are for an increase in economic growth this year of 3 per cent

IN THIS SURVEY

There is renewed optimism following a sharp turnround in the country's balance of payments. However, there are worries over whether Spain's banks will be sufficiently competitive to stave off foreign competition after the country joins the EEC, and the impact of a series of bank collapses in recent years lingers on.

Facing the challenge of EEC membership

By David White

BICYCLES, dishwashers, decorative clocks: a year ago, Spanish banks were giving *anything to bring in customers'* deposits. Instead of waiting for interest you could take home a television set, an electric organ *or a pair of skis. Today, their* publicity campaigns are quite the opposite: they want customers to borrow.

All have new personal loan schemes, and television advertisements show happy recipients beaming over their new furnishings and home computers. Bank statements arrive with the invitation: "Ask us for up to a million."

From offering video recorders for people's savings the banks are now offering people money to buy video recorders.

This odd change invites two kinds of conclusion. One, from an official point of view, is that the Socialist Government's policies have succeeded in establishing a better equilibrium. Interest rates had for several years refused to come down with inflation, partly because of the impact public indebtedness had on the markets, partly because of lack of confidence in a persistently tough monetary policy.

Now they have fallen sharply, from around 20 per cent on the interbank market (at that level banks were out for all the cheap customers' funds they could get) to around 12 per cent.

At the same time companies, with improved profits and with possibilities for raising funds on the stock markets and abroad, have put less pressure on the banks for loans.

The other version is that the country is as dead as a Sunday in August. Bank liquidity is high because both consumption and investment are down. Leading indicators such as car sales and electricity consumption are trailing on the levels of a year ago, and the investment slump is starkly reflected in the job figures—registered unemployment of over 20 per cent and still rising.

Spain, as it girds its loins for joining the EEC, is a country which has become in some respects one of Europe's better performers. It is a favoured international borrower these days, with a current account surplus, a rather firm currency, the world's strongest stockmarket in 1984, inflation in single digits for the first time since General Franco's death, and a wide-ranging pact in operation between Government, employers and unions; but it has failed to rally business confidence.

After more than two years of Sr Felipe Gonzalez's Government, even though economic policy has developed along cautious social-democratic lines, distrust of the Socialists still prevails in the private business sector.

Tax reform looms. Scandals such as the involvement of high-society figures in an alleged currency-evasion network are regarded as witch-hunts. The public sector, with its runaway deficits, is seen crowding out private enterprise. Added to these concerns are uncertainty and fears in numerous industrial and some agricultural sectors about their future when they join the EEC and Spain's traditional protectionist structures are abandoned.

This mood appears to have been little affected by the profit upturn. According to the Government, trading profits rose by 22 per cent throughout the economy last year—particularly in export sectors.

Spanish merchandise exports soared by 18.5 per cent in volume in 1984. Coupled with a strong year for tourism, this turned the current account balance from a U.S.$2.5bn deficit into a $2bn surplus—something the Government never aimed for.

Because of the high dollar, export prices ran well ahead of Spanish prices while moderate wage settlements and productivity gains meant that the rise in unit labour costs was almost halved to 5.5 per cent.

The *profits have, however,* gone anywhere except into expansion. Companies have taken the opportunity to implement costly labour cuts and, after finding out in recent years the cost of their heavy dependence on bank borrowing, reduced their debt burden.

In the long run this suggests that Spanish companies, able to carry out restructuring measures and increasing their self-financing capacity, will become healthier. From a government point of view it brings little comfort in the short term.

Foreigners are investing in Spain — including Japanese and U.S. companies setting up manufacturing bases in advanced technology sectors — but Spaniards are not.

Despite some recent tentative *signs that industry is beginning* to spend more on new equipment, the awaited investment recovery is not yet in sight and may not arrive in time for the 1986 elections.

The task the Socialists set themselves in their 1982 campaign was to create 800,000 new jobs; at present they need 1.2m new jobs to achieve this aim. The most they can hope for at the moment is to stem the erosion of employment.

The Government's objective is a rise in growth to 3 per cent this year from 2.5 per cent, but this may prove difficult. The export boom is expected to run out, with a loss of competitivity from the peseta's 5 per cent rise in value last year against the average of EEC currencies.

The compensation is scheduled to come from domestic consumption, but trends so far are worrying and have been aggravated by a re-acceleration in prices after last year's, unexpectedly low, 9 per cent rise.

This year's wage rounds, now about halfway through, have produced average increases of about 7.3 per cent, slightly lower than last time but closer to recent price inflation.

Government planners reckon that, with companies feeling more generous, wage-drift may make up the difference and help keep consumer spending up. If consumption levels fail to improve, a switch in policy to stimulative measures such as tax adjustments is not ruled out, although the present economic team is firmly against either a relaxation of monetary controls or an increase in Government spending.

Between now and the end of the year the Government has to evaluate the effects of EEC entry in 1986—and particularly the upward push which the introduction of value-added-tax will give to inflation.

The generally depressed economic mood is matched by the banking community, struggling with narrower margins, trying to keep pace with sudden changes in the circumstances under which they operate and forever looking over their shoulders at the overweening presence of the state.

This presence is felt both by the state's claims on their own funds, through the complex system of obligatory reserves and state-directed investments, which reached over 51 per cent cent of their total deposits before the rates were relaxed a bit in February by what is seen as increasing state interference.

CONTINUED ON PAGE 3

Spanish Banking 2

The Banco de Bilbao building on the Paseo de la Castellana in Madrid.

Inter bank connections

The following table, compiled from information supplied by each of the main eight banks, lists the other Spanish-registered banks which are either controlled by, affiliated to or associated with them. Overseas subsidiaries and affiliates are not included.

Banco Espanol de Credito (Banesto):
Abel Matutes Torres—Banco de Ibiza
Banco de Albacete
Banco Alicantino de Comercio
Banco Catalan de Desarrollo
Banco del Desarrollo Economico Espanol (Bandesco)
Banco Garriga Nogues
Banco General
Banco Guipuzcoano
Banco de las Islas Canarias
Banco de Madrid
Banco Peninsular
Banco Trelles
Banco de Vitoria

Banco Central:
Banco de Credito e Inversiones
Banco de Fomento
Banco de Granada
Banco International de Comercio
Banco del Noroeste
Banco de Sevilla
Banco de Valencia

Banco Hispano Americano:
Banco Hispano Industrial
Banco de Jerez
Banco Mercantil de Tarragona
Banco del Norte
Banco Urquijo Union

Banco de Bilbao:
Banca mas Sarda
Banco de Extremadura
Banco de Hnesca
Banco Industrial de Bilbao
Banco Latino
Banco del Oeste
Banco de Promocion de Negocios (Promobank)

Banco de Vizcaya:
Banca Catalana
Banco de Barcelona
Banco de Credito y Ahorro
Banco de Credito Comercial
Banco de Financiasion Industrial (Induban)
Banco Industrial de Cataluna
Banco Industrial del Mediterraneo
Banco Industrial del Sur
Banco Meridional
Banco Occidental
Banco de Prestamo y Ahorro (Ahorrobank

Banco de Santander:
Banco Comercial de Cataluna
Banco Comercial Espanol
Banco Intercontinental Espanol (Bankinter)
Banco Jover
Banco de Murcia

Banco Popular Espanol:
Banco de Andalucia
Banco de Castilla
Banco de Credito Balear
Banco de Galicia
Banco PopularIndustrial (Eurobanco)
Banco de Vasconia

Banco Exterior de Espana:
Banco de Alicante
Banco Atlantico
Banco Cantabrico
Banco Exterior de los Andes y de Espana
Banco Simeon

Relentless process of business absorption

Banking Groups

DAVID WHITE

BANKS TAKE up 30 pages of the Madrid telephone directory, but the plethora of names is deceptive. Today, almost nine-tenths of banking business in Spain is in the hands of eight groups.

Concentration has increased as unsound banks have been re-assigned to new owners, one by one or, most recently, in the case of the Banca Catalana group and the 20 banks formerly controlled by the Rumasa conglomerate, in batches.

Most of these have maintained separate identities as "second brands"—a peculiarly Spanish phenomenon in which leading banks operate under several guises as well as their own, sometimes on the same stretch of High Street.

Of the 134 Spanish and foreign banks listed by the semi-governmental Consejo Superior Bancario as being registered at the end of last year, exactly half belong to or are associated with the eight principal groups.

Adding all the figures for peseta and currency deposits—the criterion most accepted in Spain for measuring a bank's power—produces the following conclusions. The so-called big seven private-sector banks have almost exactly 60 per cent of the total, but with their offshoots and affiliates control 82.2 per cent.

With the majority state-held Banco Exterior de Espana, which has been among the most acquisitive in its search to become more of a retail bank, the figure reaches 88.6 per cent of all deposits in the commercial banking system.

A relentless process of absorptions accompanied a rapid expansion of branch networks from the late 1960s as banks fought for customers, who in those less sophisticated days provided the only source of funds, and for places in the rankings. Despite the obvious overlap in staffing and other costs all have opted to keep on "second brands."

The advantage is seen principally as being able to offer a variety of images—local bank, personal services, etc—to different clients.

An example of this is the way Bilbao has used Banca mas Sarda, traditionally a rather exclusive Barcelona bank, to set up a special banking division for Barcelona Football Club. Mas Sarda's peseta deposits went up 69 per cent last year.

In addition, almost all the banks have at least one offshoot which, as part of the rescue terms, is temporarily exempted from compulsory reserve and credit-allocation requirements and is therefore in a position to offer customers above-the-norm levels of remuneration.

The degree to which affiliates' links with the big banks are advertised varies. Both extremes were shown in the now defunct Rumasa banking division which promoted a group image by placing its bee-symbol on all the banks it controlled—bar one, the largest, Banco Atlantico, which in keeping with its relative managerial independence not only eschewed the use of the bee but also omitted the mention of Rumasa from its reports.

The number of "second brands" was boosted last year when the split-up and reprivatisation of the Rumasa banking group was settled.

In this instance, however, no one was an eager buyer. The Rumasa banks, their losses covered by a massive Pta440bn financial deal between the Government and the private banking community, were allocated by agreement among the reluctant new owners. The smallest of the big seven, Banco Popular Espanol, promptly pulled out and paid Bilbao to take over the bank-and-a-bit it had just acquired.

Non-consolidated Figures of Main Banks

	Assets, Dec 84 Pta bn	Deposits Pta bn	Pre-tax profit Pta bn	Change %
Central	2,871	1,892	18.3	+ 7.4
Banesto	2,629	1,780	20.5	+13.4
Hispano Americano	2,303	1,413	0.1	−99.2
Bilbao	2,114	1,306	14.6	+ 1.1
Vizcaya	1,871	1,061	13.0	+18.8
Santander	1,544	1,027	15.5	+10.6
Popular	1,000	703	9.8	+ 8.6
Exterior	1,809	621	5.2	+15.1

While increasing their share of the business, the big seven private banks are generally considered to have lost as a group some of their muscle and their power to influence Government decisions.

Attitudes among them differ widely, and their potential role as a cartel has been undermined by fact that agreements on interest rates have been systematically violated.

Only recently, following cuts in lending rates, have they succeeded in enforcing a pact to bring down rates on deposits.

The monthly closed-door meetings between the chairmen of the big seven have an anachronistic aura. Although two of the oldest members have retired in the past two years, this is still partly a question of age. The majority are past normal retirement age. Sr Pablo Garnica, who took over at Banesto just over a year ago, and Sr Alfonso Escamez at Banco Central have both been in their groups since before the Spanish Civil War.

The banks have contrasting images. Bilbao and Vizcaya, for instance, have excellent go-ahead reputations and Popular is known as a well-run if highly cautious operation (it is the nearest thing to a pure retail bank, with no stakes in big companies).

But that of the giants, Banesto with its legendary austerity and relatively undeveloped international side, and Central, with its big Latin American interests, is as stodgy as Spanish patisserie. They are also the only major banks which have still to comply with Bank of Spain recommendations for consolidated accounts.

Speculation about further concentration in Spanish banks—including theoretical permutations for mergers among the big seven—is a favourite periodic pastime.

General Franco opposed such moves and is said to have taken the stance that nationalisation would be preferable to a concentration of power.

Some senior banking figures—for instance the younger Sr Emilio Botin, heir-apparent at Banco de Santander—are overtly opposed to major-bank mergers, and the Bank of Spain Governor, Sr Mariano Rubio, while taking a neutral position, says that "the economics of scale are open to discussion."

Others, however, believe that Spain's oligarchic banking structure is outdated and that the country—as a future EEC member—should be able to boast a bank at least in the world's top 50.

Higher profits and bullish outlook

Foreign Banks

WILLIAM CHISLETT

A RECENT cartoon in a Spanish magazine depicted an international banker towing away a multi-storey Spanish bank as he puffed contentedly on a fat cigar which blew out dollar signs. Six years after Spain allowed in more foreign banks the country is becoming increasingly profitable for most of them and, in the process, significant structural changes have been wrought on the financial system.

The 36 foreign banks in Spain increased their pre-tax profits by 64 per cent last year, in marked contrast with the 6 per cent increase of the Spanish banks. The foreign banks share of overall banking profits rose from 6.2 per cent to 9.4 per cent.

While Spanish banks reduced their outstanding loans by Pta 370bn in 1984, the loan portfolio of the foreign banks rose Pta 210bn.

Manufacturers Hanover Trust became the first foreign bank last year to make the top ten for profits with pre-tax earnings of Pta 3.6bn. The bank has been quick to take advantage of the sharply lower cost of funds on the interbank market and increased its loans by 40 per cent, luring business away from the main Spanish banks.

Bank of America raised profits by 77 per cent to Pta 2.47bn and Credit Lyonnais doubled its earnings to Pta 753m. Not all banks, however, were profitable. Deutsche Bank suffered a Pta 406m loss, up from Pta 49m in 1983.

Foreign banks have been the catalyst behind creating more sophisticated money markets. Without them Spain would probably never have developed an active interbank market. "Before we came it was unthinkable for a Spanish bank to borrow money from another bank because people would have thought it was in trouble," recalled a European banker.

"There was an intolerable stop-go situation for borrowers who would be encouraged to borrow when the banks were liquid and then be asked to repay when the banks were short of funds."

By the end of 1980 a syndicated peseta market had emerged which replaced, to a large degree, borrowings from the Eurocurrency market and the exchange risk this entailed. New financial instruments have been introduced like the pagares de empresa (Commercial paper), a source of one year funding at fixed rates below the volatile market interest rates.

Foreign banks, too, were behind the creation of a long-term peseta market through the introduction of the Mibor concept (Madrid interbank offered rate).

Banks also brought in bills of exchange which were traded on the Madrid bourse and were so successful that the Banco de Espana killed the market because the bills weakened its tight monetary controls as they were not subject to obligatory reserves.

"We were the victims of our own success," said a European banker who found exchange bills good business.

Through the purchase of retail networks from ailing banks—Barclays with Banco de Valladolid, Citibank with Banco de Levante, Banque National de Paris (BNP) with Banca Lopez Quesada—Spanish banks have been pushed into modernising their business.

The Socialist Government regards the expansion of the foreign banks as highly successful and openly praises the previous UCD centrist government for taking the step. Before 1978 the only foreign banks in Spain were Credit Lyonnais, Bank of London and South America (part of Lloyds Bank), Société Générale of France and Banca Nazionale del Lavoro from Italy.

With competition for business now intense, foreign banks are having to redefine their strategy. "We have to decide what size of market share we want and where we can find a niche for ourselves," said a U.S. banker. As measured by loans, foreign banks now account for 16 per cent of the banking sector.

The sharp fall in the demand for credit has sent interbank rates tumbling and enabled the tightly run foreign banks to undercut the Spanish banks in loan terms as they have lower operational costs.

Foreign banks have formed three groups—those which have become indigenous through purchasing a retail network, those which are essentially wholesale corporate banks, like Chase Manhattan and those banks, like the Italians, whose main business is still tied up with promoting the activities in Spain of companies from their countries.

While Barclays is putting into practice its philosophy of having a branch on every high street in the world, opening, for example, more branches in Madrid, Manufacturers Hanover would appear to have decided to dedicate itself to the interbank market for its funds.

At the end of 1984, Manufacturers Hanover's loans totalled Pta 85.6bn and its deposits Pta 6.9bn, whereas Barclays has taken a much more conservative approach matching its loans of Pta 46.9bn with deposits of the same size.

Midland Bank has gone into specialist services. It introduced commercial paper to the Spanish market and last year, through its new non-banking arm Midland handled 48.4 per cent of the total paper which went through the Madrid Stock Exchange.

National Westminster, which set up in the first wave of banks after 1979, has found the three branches limitation has seriously constrained its capacity to get deposits and sell its services. The bank also takes the view that it is not wise to tie itself to the interbank market for funds since it would be vulnerable to any sudden change.

It cast around for a retail network and in February agreed in principle a deal with Banca March which will give National Westminster over 80 branches.

National Westminster will take 49 per cent of the stock of Banco de Gerona, a small affiliate of Banca March, a solid respected bank, and of the March operations in mainland Spain. The total investment in the deal is estimated at around Pta 7bn.

The first wave of buying retail networks coincided with a serious crisis among Spanish banks, with 53 of the 109 in existence in 1978 either written off or absorbed into other banks. To help them rescue ailing banks the Government exempted Barclays, BNP and Citibank from coefficientes and also made cheap credit available through the Deposit Guaranty Fund, the "hospital" for sick banks.

For example, BNP paid Pta 3bn for Banca Lopez Quesada in 1981, a cheap price. It obtained a three year exemption from obligatory reserves with the central bank, worth some Pta 1bn a year, and Pta 27bn of credits at well below market rates.

BNP expects to have got rid of its accumulated losses of Pta 12.5bn by 1986 and to be paying a dividend. The Government has been fiercely criticised by Spanish banks for granting exemptions from coefficientes and it is thought unlikely that the Banco de Espana will be so generous in the future.

Officially the worst of the Spanish banking crisis is over, although one senior U.S. banker said that statements to this effect from the Government should be taken "with a tonne of salt, not a grain."

Analysts say that some banks are facing problems as they have to meet higher operating costs, lower yields from important assets like treasury bills and the possibility of more onerous capital requirements.

This could produce a situation which would make it easier for foreign banks to buy some of the smaller banking subsidiaries of the large bank groups.

Chase Manhattan is understood to be looking for a retail network and is in discussions with Banco de Finanzas, part of the Grupo Fierro. Bank of America is reportedly in talks with Banco Internacional de Comercio, part of Grupo Central, one of the seven big banks.

Meanwhile, foreign banks are beginning to receive inquiries from institutions with excess liquidity, like regional savings banks, which are cottoning on to the fact that they can earn more, as one European banker put it, "lending to us than they can financing a new church clock in some village."

Foreign bankers are bullish about the prospects. "We may be too profitable for our own good and attract the attention of the politicians," was the note of caution injected by one U.S. banker.

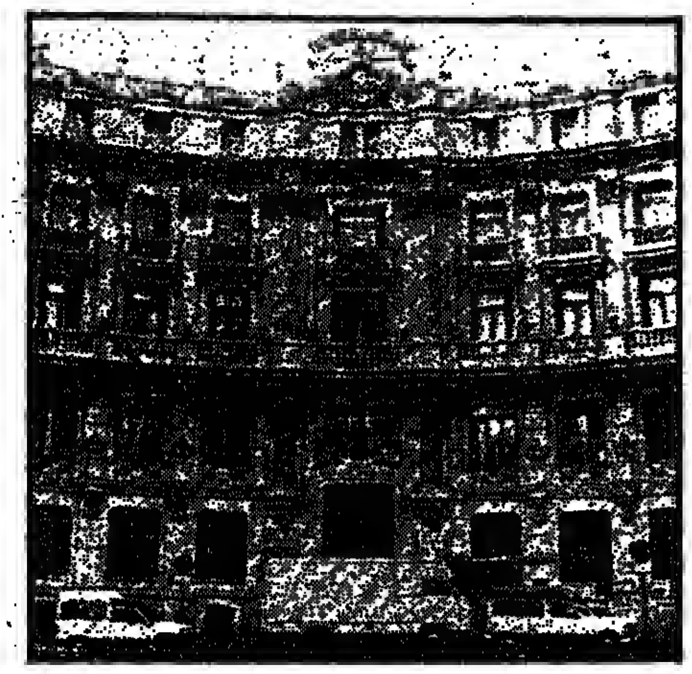
PROFITS OF FOREIGN BANKS IN SPAIN

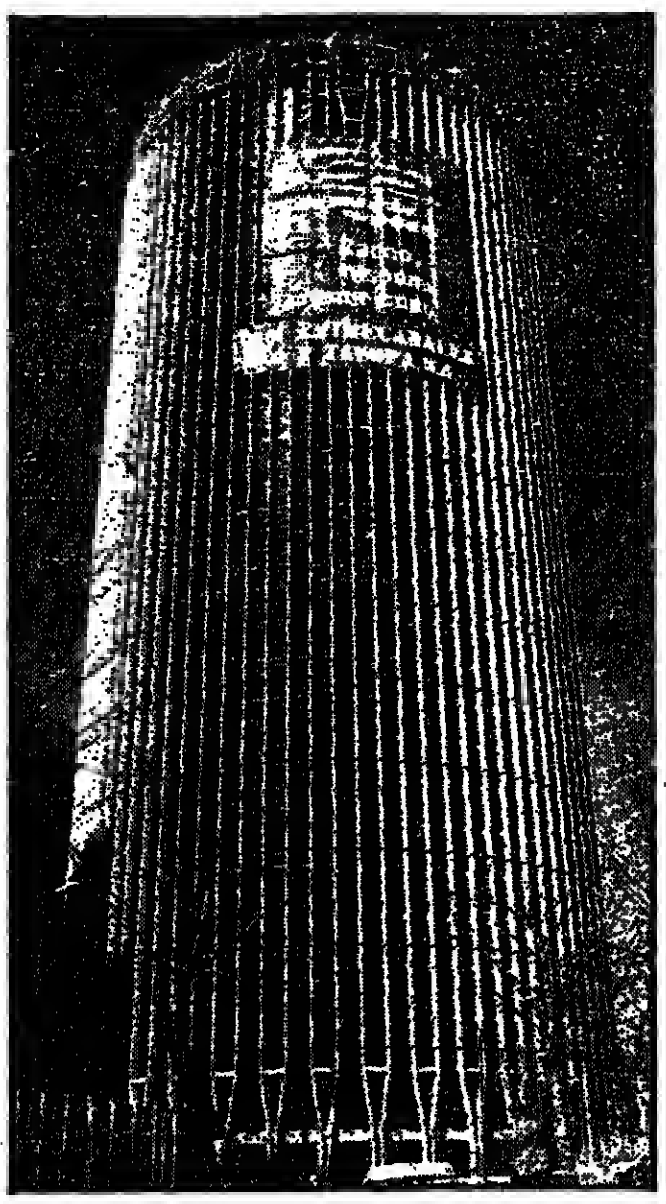
(Pta m pre-tax)

	1980	1981	1982	1983	1984
Morgan Guaranty	349.6	673.7	724	441	209
Banque Nationale de Paris	397.8	557.0	593	57	15
Dresdner	214.7	419.8	544	57	511
Deutsche	164.7	354.2	580	(49)	(406)
Citibank	218.9	528.7	642	369	(199)
Paribas	215.5	323.9	1	22	233
Chase Manhattan	118.0	361.6	N/A	74	484
Manufacturers Hanover	250.1	1,154.8	396	2,773	3,655
Algemene	6.2	198.1	99	(25)	(96)
Chemical	46.5	309.8	324	301	688
Continental Illinois	30.2	117.7	337	114	304
Commerzbank	(35.7)	19.6	N/A	116	94
Tokyo	22.1	196.5	162	260	296
Bankers Trust	27.0	111.9	218	92	415
Chicago	—	100.9	117	393	527
National Westminster	144.9	239.8	490	352	356
Barclays	66.1	481.6	375	412	282
Indosuez	116.6	247.9	295	173	136
Banco do Brasil	(11.9)	78.3	133	129	42
Banco di Roma	—	52.1	105	111	122
S.G. Banco Belga	—	—	4	(6)	100
Banco Exterior de los Andes	—	50.1	224	240	298
Banco Estado de Sao Paolo	—	—	103	188	73
Midland	—	12.8	25	13	449
Bank of America	509.2	806.3	809	1,394	2,465
Banco de Londres y America del Sur	338.0	744.2	672	101	519
Credit Lyonnais	402.1	856.9	196	359	753
Société Générale de Banque en Espagne	303.2	101.4	(425)	(701)	151
Banca Nazionale	127.9	131.6	N/A	N/A	170
Bruxelles Lambert	—	—	—	218	99
Banco de la Nación Argentina	—	—	—	31	2
Banco Real	—	—	—	39	29
Sumitomo	—	—	—	17	434
Credit Commerciale de France	—	—	—	91	260
Banca Commerciale Italiana	—	—	—	(50)	(81)
First Interstate Bank of California	—	—	—	5	285

Source: Consejo Superior Bancario

Changing faces at the Banco Hispano Americano. LEFT: Sr Claudio Boada, the new chairman of Hispano. Previously he had been head of INI, the state industrial giant, and more recently chairman of the state energy holding company, INH. In both jobs he was the former boss of Spain's current Finance Minister, Sr Miguel Boyer. BELOW: Hispano's old headquarters in Madrid. RIGHT: The impressive new Hispano building on the Paseo de la Castellana in Madrid's business district





Very few of the minnows left

Smaller Banks

DAVID WHITE

THERE are Rockefellers, and there are Rothschilds. There are Warburgs and there ore Hambros. And, in obscure corners of the Iberian peninsula there are Perfecto Castros.

Perfecto Castro Canosa is a bank which has been in business over 50 years. In the past 25 it has quadrupled its customer network — to four branches. It has four shareholders, makes a small profit, and keeps its head down.

The rout of secondary banks in Spain sinca the late 1970s has left few survivors. Of the small banks that were not already taken over, numerous names collapsed — most, but not all of them to be subsequently refloated under tha auspices of major banks or to be absorbed by them. It has happened for a bank to collapse, be refloated, collapse again with its new owners, and be refloated again.

The last stages of the banking crisis in 1982-83 cleared the field of several intermediate banks, bringing them into the orbit of the eigbt major groups. Outside a group of five smaller banks wbicb by Spanisb comparison earns the respectable epithet of "medium-sized," the field bas oow been reduced to the big groups and a few assorted stragglers.

The "Clob of Five" medium banks has one common characteriatic apart from size, that distinguisbes its members from the major groups, and that is the regional factor. Spain, despite its strong regional differences and the concentration of industrial wealth in areas which bave resisted centralised government from Madrid, has not produced o major regional bank. Tha Basque banks, Bilbao and Vizcaya, and the Banco de Santander are nominally regionally-based but all bove one foot firmly planted in Madrid.

Not only have the medium banks—Banco Pastor, Banco de Sabadell, Banco Zaragozano, Banca Marcb and Banco Herrero—maintained in varying degrees their regional and local flavour, they have also come to rely on this as an essential factor in their survival.

The banks, with just under 1,000 brancbes between them, all date from before the Civil War. Pastor is the oldest—over 200 years—and the largest. In recent years, with more emphasis on its retail banking husiness, it has expanded outside its home base of Galicia to other industrial regions of Spain and—mainly because of its business with emigre workers—abroad.

But it still counts heavily on its special place in Galicia, where it is the biggest force in banking and where its image is firmly linked to that of its main shareholder, the Barria Foundation.

This cultural snd educational body is the legocy of Pedro Barrie de la Maza, who built the bank up as a promoter of industry under the Franco dictatorship, and whose widow, the Countess of Fenosa (Fenosa is the local electricity company), is now the bank's president.

Sabadell, based in a textile-manufacturing centre near Barcelona but with most of its business outside, is by contrast the opposite of a family bank, with no one bolding more than 0.75 per cent of its capital. The bank has a conservative image, a waiting list for shareboiders, a reputation for prudence, and bigh profits. Its pre-tax earnings last year, 17 per cent up at Pta 4.9bn, came close on the beels of the state-controlled Banco Exterior, whicb has five times Sabadell's assets.

Zaragozano is, of the five, the one that has tended most towards becoming a nationwide bank, spreading its wings far enough beyond Aragon to bave a subsidiary in the U.S., Miami National Bank, and a representative office in Venezuela. It is a non-specialised retail bank with a larga farming custom.

Tha Majorca-based Banca March is part of the business empire left hy the colourful and controversial self-made millionaire Juan March, whose grandson Jose Carlos March Delgado now heads the bank.

Like Pastor it is linked to a cultural foundation. Interests include Banco de Asturias, a minority stake in Bank of Virginia in the U.S. and industrial and retail holdings, among them Spain's leading building materials company Uralita.

Herrero, based in the declining heavy-industry centre of Asturias in Northern Spain, manages to beat them all and the rest of Spanish banks in terms of return on assets. Its pre-tax profits were 14.5 per cent up last year at Pta 2.77bn, almost 2 per cent of assets and twice the rate of any of the big banks.

It has reinforced its local stronghold by taking over Banca Masaveu, an old family bank which had surfaced among the Rumasa group's secret acquisitions. Herrero has now transformed Masaveu into a wholesale banking offshoot, thereby erasing one more venerable banking name from the registers.

While keeping each to itself, the five have since 1979 operoted as a club, co-operating in specific projects such as syndicated loans and bank cards, and trying to promote a common image, in a precarious environment, of solidity and solvency.

Spain's five medium-sized banks have come to rely on their regional and local flavour as an essential factor in their fight for survival.

This model of federated independence has been somewhat npset by March's agreement with National Westminster to join forces in mainland Spain. Under their recent letter of intent, the two are each to hold 49 per cent in a network called NatWest-March, into which March throws the banking interests it picked up from the ruins of the Cotalana and Rumasa empires, plus its own mainland branches.

For the UK bank, the deal is a way into Spanish retail banking, which it has been seeking for some time; for March it offers the technological and marketing backup of a big internatoinal group at a crucial moment as Spain prepares its entrance on to the EEC stage.

But it also entails a change of persona: Banca March will be cutting itself back to a Balearic Islands bank, acting as a holding company for its further-flung interests.

If the medium banks look to their regional identity as a fundamental strength in their battle with the big national banks, the country's smaller remaining independent banks ore so small they cannot even aspire to regional stature.

The minnows include several banks like Perfecto Castro, in the classic mould, run discreetly by heirs of their founders, and others from the crop of new banks which caused much of the crisis in the 1970s.

Perfecto Castro is registered in a town called Cee on the north-west Finisterre coast, which is about as far as you can get in Spain from the financial centres of Madrid and Barcelona.

At Betanzos in the same province of La Coruna is the doyen of the small banks, Banco Etcheverria, founded in 1717 under the name of Juan Etcheverry Banquero. Run by Etcheverria, it has eight branches.

Perhaps the oddest of the bunch is Banco Pueyo, a 95-year-old institution whose board is all one family and whose headquarters are at Villanueva de lo Serena in the impoverished province of Badajoz. It is the ooly commercial bank registered in the province. Like the otbers it was for a long time a one-counter operatioo but today boasts nine branches.

Apart from one 1910 Catalan bank, Sindicato de Banqueros de Barcelona, which has a relatively grand network of 24 branches, the remaining balf-dozen independent Spanish-owned banks are modern creations, mostly of the mid-1970s. There are no new additions to the list from the 1980s, and more removals may be in store. The takeover spree has almost certainly not finished.

Latest to submit was the Banco Simeon, a small Galician bank which NatWest coveted and whicb went instead to Banco Exterior.

The smallest family banks, which bave recently done most of their business on the interbank market, bave probably been spared most of all by their size; without the capital to expand their networks they have made themselves less appetising to foreign or Spanish purchasers in search of market shares. The Perfecto Castros could still be around for a while.

But Spain sadly no longer has a bank called Banco Pecho (Bosom Bank) or one called Hijo de Puche . . . the country is a banking cemetery: over 90 names have disappeared in the last 30 years. Whoever founded a bank called La Antigua Espana in 1882 was tempting fate. It folded the following year.

Continuing weaknesses exist

Hispano Group

DAVID WHITE

OUTSIDE the Governor's office at the Bank of Spain is a high-ceilinged ante-room with portraits of earlier holders of the job. The series stops at 1978, making room for one other picture, a curious anonymous fragment. It shows a man in oriental garb dangling in the void, apparently banging on for dear life from the arms of another. It is not meant to, but it serves well as an allegory for Spain's post-1978 banking crisis.

The succession of collapses finally subsided two years ago, and the Deposit Guarantee Fund, tha lifeboat body brought in to salvage marooned banks, has been some months without any passengers. But the existence of continuing weaknesses has been dramatically shown up by the recent misfortunes of Banco Hispano Americano, one of the pillars of the financial establishment.

Hispano, once Spain's largest bank, now ranking number three, linked in a cross-share relationship with Commerzbank of West Germany, has had to accept both a suspension of dividends and a new chief as conditions for negotiating aid from the Bank of Spain. The sudden loss of face would not have been so bad if the bank's boardroom quarrels and the issue of succession to the chairmanship had not becoma a public spectable.

As o consequence of difficulties in absorbing its main banking ocquisitions, and of its own insufficient profitability, Hispano now faces the possibility of baving to omit dividend payments — something unprecedented among major Spanisb banks, whose shares ore the backbone of the country's stock markets — for another one or two years.

The albatross around Hispano'o neck is Banco Urquijo Union, tha result of the merger of what were previously Spain's largest specialised industrial banks.

Industrial banks were the most typical victims of the banking crisis. The distinction between commercial and industrial banks was made in the early 1960s, the former concentrating on deposit-taking ond short-term lending, the latter devoting themselves to longer-term credits and equity holdings, and benefiting from certain incentives.

Industrial recession in the late 1970s, and the banks' own inability to meet management challenges, left them badly exposed. Of the 17 original industrial banks, not one has survived without being taken under the wing of a major institution.

The two largest industrial banks were taken over by Hispano in 1982 and 1983 before being merged at the beginning of last year. The circumstances of the takeovers were quite distinct. Hispano bought control of Banco Union, which was in the keeping of the Deposit Guarantee Fund, in competition with the number four group, Banco de Bilbao, whose offer excluded companies in which Banco Union had shareholdings. By presenting a better bid, Hispano countered the risk of losing another place in the rankings.

The Urquijo deal, almost a year later, was made by arrangement with the Bank of Spain without intervention by the fund. Urquijo, hit by a bad run in some of its major investments, was still a prestige bank, one of Spain's best international names, with a merchant bank aura, a top-drawer clientele and long-standing ties with Hispano.

Hispano agreed to pump in almost Pta 10bn in new capital and to buy up Pta 12.5bn of Urquijo's assets in exchange for concessions on compulsory reserve requirements, which tie down funds at low interest rates.

An audit after the Banco Union takeover showed unsound assets of Pta 29bn, of which the fund agreed to cover just over half, leaving Pta 14bn. Urquijo, under the terms of tha rescue agreement, which permitted the use of its reserves, had a similar figure of dud assets remaining to be cleared up—13.4bn. The combined total is thought to have since risen to Pta 30bn or more.

Hispano's report published in June last year gave shareholders an optimistic view. "After the complex process of preparing and implementing the legal and operational aspects of the merger," it said, "both banks, now joined as one under the title of Banco Urquijo Union, have embarked in 1984 on a new era, starting from a solid balance sheet, with the aim of becoming one of the most profitable institutions in the group . . ."

The first public sign that recovery plans were going badly awry came in October with the departure of Banco Urquijo Union chairman Sr Jose Maria Loizaga.

In December Hispano confirmed rumours that it would be omitting dividends. A Bank of Spain inspection had concluded that the group had fallen short on provisions. Virtually the whole trading profit of Pta 25bn was needed to shore up its operations.

The morning after the dividend shock, Sr Rafael Termes, head of the Private Banking Association, called a breakfast meeting to try to mount an assistance scheme from the main banks, and keep the authorities out as far as possible. Three offers are understood to have been made, to no avail.

In January, Sr Alejandro Albert, who had been promoted to the chairmanship of Hispano less than two years earlier, a professional still in his 40s and hailed as representing a "new style" in Spanish banking, handed in his resignation. He had wanted to leave the bank temporarily for medical treatment, but it became instantly clear he was not coming back. No successor had been named.

At the Bank of Spain, governor Mariano Rubio wanted, before discussing aid, to hava someone in the job he was prepared to deal with. Proposals from within the board were vetoed. The name was aired of Sr Manuel de la Coocba, head of the Madrid Stock Exchange and golfing partner of Sr Rubio. So was thot of the managing director of the powerful Catalan Savings Bank, La Caixa. He turned the job down.

Finally another outsider, Sr Claudio Boada, one-time head of INI, the state industrial giant, most recently chairman of the state energy holding company INH, and in both jobs the former boss of the current Finance Minister Sr Miguel Boyer, was appointed.

His appraisal of the situation at Hispano is expected to shed new light on the problems. These were initially presented as stemming primarily from the Urquijo arrangement (for which the official aid pact was left open-ended to cater for unexpected setbacks).

But questions are also being raised about the merger project itself and about Hispano's own profit record, for several years the lowest of the big seven in terms of return on assets. Its trading profit last year was some 30 per cent less than [illegible] of the smaller Vizcaya and barely half Banco Central's.

The first year's results of the merged subsidiary are meanwhile expected to show operating profits of only Pta 1bn against forecasts of Pta 11bn. The first reason is the sharp drop in interest rates, foiling expectations that the bank could keep earnings 20 per cent by placing its liquid funds on the interbank market.

But senior bankers also believe there was a serious overestimation of the management improvements that could be brought to bear, and an equally serious underestimation of the cost of the merger.

Some contend that Urquijo, far from being the main source of difficulties, would on its own have been well on its way to recovery. Although new bad risks have emerged—such as a construction company which suffered heavy losses on a Kuwait road project—they say these were more than offset by the increase in value of Urquijo's share portfolio, gains on the sale of its "Seven Chimneys" headquarters (which now houses the Ministry of Culture) and by an earnings performance which in 1983, before the merger, was well up on expectations.

But the bank that was Urquijo is now in a sad state. Morale is low, and dozens of management staff have left, a number of them snapped up by foreign banks.

The idea has been mooted of Hispano selling the industrial banking offshoot, possibly to a foreign bank, and senior officials say the authorities would not oppose such a move. Bankers, bowever, now ask the question: who would buy?

As a consequence of its difficulties, Hispano faces omitting dividends for another one or two years

Challenge of EEC membership

CONTINUED FROM PAGE 1

The authorities' tough line over recent aetbacks in the Hispano American Banking Group, with the sppointment as chairman of a aenior figure from the state sector, Sr Claudio Boada, is a case in point. The father-figure of Spanish banking, 87-year-old Sr Jose Maria Aguirre Gonzalo, who reluctantly relinquished the chairmanship of Banesto just over o yeor ago, was left muttering that it was worse than nationalisation.

Sr Mariano Rubio, promoted last yeor to the governorship of the Bank of Spain, is well-known as a wily operotor. Spaio's big banks used to have their men in the Bank of Spain; today it is the other way round.

The aftermath of five years of banking crisis, in which 51 banks collapsed, a larger proportion of the system than in any other modern crisis in an industrialised country, and whicb bas cost a figure that in pesetas goes well into 13 digits, has brought a clampdown on accounting procedures and on risk provisions.

All the main banks now have independent oudits and next year it is hoped that oll will be producing consolidated balance sheets. New rules on copital requirements for banks and aavings banks—of paruculer concern to foreign banks in Spain—are currently under discussion.

The re-privatisation of the seized banks of the Rumasa Group can be said to have brought the crisis to a close. But ripples continne, both in the banking system (witness Hispano Americano's troubles with its industrial banking interests) and in the courts, with extradition proceedings against the exiled Rumasa bead, Sr Jose Maria Ruiz-Mateos. There is also a continuing and politically explosive case against former directors of Banca Catalana (including the President of the Catalonia's autonomous govarnment, Sr Jordi Pujol).

The challenge of EEC membership is being taken up energetically by some of the major banks, which have been turning from traditional Latin American hunting grounds to stepping up their European connections. One sign of this is that Banco de Bilbao is expected shortly to become the first Spanish bank with shares quoted in London.

But EEC membership may also accentuate competition on bome ground. The sharp drop in Spanish interbank rates last year caught some by surprise and allowed foreign banks to move in and undercut the big names' prime lending rates.

Under the terms of EEC entry, restrictions on foreign banks' operations will be progressively dismantled over seven years. Spanisb banks, which have already been through a period of rapid modernisation, will bave until 1993 to show they are really competitive.

Content to give the Snake a wide berth

Sr Manuel de la Concha, chairman of the Madrid Stock Exchange, where the index jumped 40.7 per cent in 1984

The Peseta

TOM BURNS

SPAIN'S NEGOTIATIONS for entry to the EEC have been marked by bitterer than average words about fruit, veg and fish. As the negotiators bombarded each other with statistics covering everything from carafes of wine to filets of hake remarkably little was said about the Spanish and the European currencies.

The relationship, or rather the lack of a relationship, between the peseta and the European Monetary System (EMS) has all the appearance of being a shared secret among Spanish officials and bankers. They are quite content with the prospect of the peseta tip-toeing into Europe and giving the Snake a wide berth.

The absence of debate over the issue does not in any way indicate discussion over the peseta/EMS is irrelevant. Quite the opposite is true. The exchange rate with the European currencies is of key importance to the Spanish economy.

Spanish banking, business and Treasury circles know this only too well. They are also in agreement that it is absolutely vital to remain, at least in the mid-term, outside the EMS.

Fortunately Brussels has not pressed the point and the Bank of Spain has so far escaped any pressure from its fellow central banks urging the peseta to toe the line.

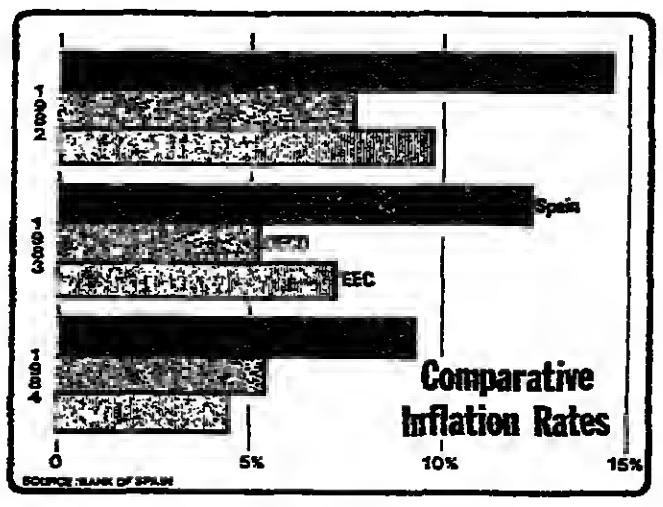
The seeming conspiracy of silence over Spain and the Snake is prompted by the currently healthy Spanish trade with the EEC and by the acute uncertainty over what the impact of entry on the trade pattern might be.

Elementary common sense dictates that the peseta must be flexible if Spain is to meet the entry challenge. The senior officials of the Bank of Spain pay only lip service to the ideal of converging European currencies when the peseta is under scrutiny.

Spanish exports have been the success story of the economy and last year brought about a current account surplus for the first time since 1979. With a 20 per cent rise in real terms in income over the previous year, the Spanish export sector found itself converted into the linchpin of the economy, having contributed as much as 1.7 per cent to the overall 2.5 per cent rise of the gross domestic product (GDP). Exports to the EEC represented close on 50 per cent of the total, with a slight fall in exports to France amply compensated by an increased volume of sales to the UK and West Germany.

The trade pattern would appear to make a case for closer than ever links with the European currencies. However, the reality is that the export boom was bolstered by the sharp decline of the peseta against the Euro-currencies at the end of 1982—when the peseta was devalued by 10 per cent and allowed to slide—which continued through the first quarter of 1983.

Spanish exports have surged in the past year thanks to the delayed effect of the tumbling peseta. The Spanish currency has since appreciated and it is now stable against those of Europe. But Madrid officialdom has learnt the value of the December 1982 process and taken it to heart.



Once the Madrid Treasury had indentified the export sector as the key growth factor for the economy, the use of exchange rates became particularly crucial given the adverse inflation rate in Spain, with relation to the European trading partners.

At the end of last year inflation was brought down to single figures for the first time since the mid 1970s. The success in narrowing the price gap to a degree compensated the parallel steadying of the exchange rate of major currencies, with the obvious exception of the dollar.

The prospect of European entry however, introduces wholly new factors. Top officials at the Bank of Spain candidly admit that during the first phase of the enlargement of the community, the impact of Europe on the Spanish economy, be it the movement of capital, the trade pattern or the consumer price index, will be quite unpredictable. It follows, then, that Spain must, out of economic self-preservation, retain freedom of action in all that concerns its currency.

One reference point when attempting to forecast the impact of European entry is provided by the calculations of the European commission itself. Spain's acceptance of the Common External Tariff and the planned introduction of value added tax on January 1 1986 will, according to the Commission, halve the current trade protection enjoyed by Spanish products.

Quality controls and other Brussels regulations will compound the effect of tariff dismantling and put Spain's domestic output still further at the mercy of European competitors.

The greatest unknown concerns the impact that VAT will have on domestic inflation. The reduction of inflation under the Socialist Government's austerity policy has been notable. In its first full year of government, Sr Miguel Boyer's finance policy brought the index down from a 14 per cent yearly rise to 12 per cent. By the end of the second year, last December, it was down to 9 per cent, one point over the Government's target. The future is however less rosy.

The hope is that price rises will continue to slow in 1985 and the expectation is in theory well grounded as a wage agreement, settled last autumn and operative through to 1986, will keep salary rises pegged to below the inflation index.

However, officials talk of an immediate impact of VAT in January which will hike prices by between three and four percentage points. A continued strong dollar this year will in addition have an inevitable inflationary effect due to Spain's imported energy requirements.

The prospect of having to adjust rapidly to correct an inflationary spiral is the chief reason for remaining wary of the Snake. The Government will continue to need the pull that the export sector provided to the economy in the past year and it cannot afford to have a widening inflation gap with its trading partners.

Officials say that considerable study is required before deciding on the timing of joining the EMS. Bluntly this means time to digest the early years of the transition period to European membership. The Government's judgment is moreover that it will be extremely difficult for Spain to come under any significant pressure to join the system while Britain remains outside it.

A further telling point for the broad anti-Snake lobby is the inescapable fact that the peseta would on its past record be a wildly uncomfortable partner within the system. According to Sr Guillermo de la Dehesa, a senior policy planner in the commerce department of the Finance Ministry, should Spain have been in the Snake on the same terms as Italy, that is with a six point band above and below, between the period of March 1979 to October 1983 which is when the Spanish currency stabilised, the peseta would only have been able to remain within the band without adjustments in May 1980.

Sr de la Dehesa argues that in March 1981, had Spain been within the Snake on the Italian terms, it would have had to readjust together with the lira's devaluation and it would have had to adjust once more with the 3 per cent French franc devaluation of October 1981. Previously, between 1980 and March 1981 the Bank of Spain would have had to intervene heavily to shore up the peseta.

The lesson is a perfectly clear one. Throughout that period the sole manner in which Madrid could compensate its inflation differential with the EEC and by virtue of this its competitiveness, was through maintaining flexible exchange rates.

Critics of such thinking argue that the Government is overvaluing the exchange rate's ability to protect an economy against inflation and that the minor currencies of smaller economies stand to gain through being linked to the major productive systems.

Those who are running the peseta, however, turn deaf ears to such warnings. Spain has no intention of being tempted by the Snake.

Sought after borrower in the Euromarkets

International Capital Markets

PETER MONTAGNON

A DRAMATIC improvement in its balance of payments has made Spain one of the more sought after—and elusive—borrowers in the Euromarkets.

Last year, for the first time since 1979, the country's current account balance of payments was in surplus. This was not just by a narrow margin but by a substantial $2bn, compared with a deficit of $2.5bn in 1983.

As a result Spain's foreign debt has stopped growing, and the Government has even been able to pay down some of its existing loans ahead of maturity.

Figures compiled by the Bank of Spain show that total foreign debt at the end of 1984 was $29.58bn, barely changed on the $29.46bn posted a year earlier. Just over half the total is owed by the private sector. Where once bankers could find rich pickings from Spanish borrowing abroad, now the new business has become relatively sparse and the margins thin.

Like other European countries whose trade accounts have improved as the oil price shock recedes, Spain has used its now-found strength in the market-place to repay some of its existing debt and refinance it on better terms.

Officials at the Finance Ministry in Madrid say the Treasury itself paid down some $1.2bn in foreign debt last year.

This was replaced with cheaper borrowings in the form of a $500m revolving underwriting facility arranged in the summer and a $500m floating rate note launched last November. The balance needed to repay the old loans came from the country's reserves.

In the process the Treasury managed to save Pta 1bn in interest costs every year. Perhaps more important the average maturity of its foreign debt was increased from five to 6.5 years.

This year, the officials say, there will again be substantial prepayments of existing borrowings. In February the Kingdom of Spain launched a $375m floating rate note of which all but $25m wil go towards debt refinancing.

Currently it is considering plans to launch a $200m to $300m commercial paper programme in the U.S. This is reckoned to be just about the cheapest way of raising dollars, and if a decision to go ahead is taken further savings on debt service will follow.

Beyond that the Treasury is again expected to draw on the country's foreign exchange reserves to pay down existing loans, and though the amount will depend on the actual level of the reserves this means perhaps a total of some $1bn in Treasury debt could be repaid ahead of time in 1985.

Refinancing of existing loans has thus become one clear strand of Spain's foreign debt policy. Another is the diversification of borrowing into currencies other than the dollar.

At the end of last year about 70 per cent of the Kingdom's foreign debt was denominated in U.S. currency. The target is to reduce this proportion to between 60 and 65 per cent.

This year the Treasury itself (it is important to remember that this excludes state, entities such as the holding company INI and the credit institute ICO) plans net foreign borrowing abroad of some $550m equivalent.

Only $25m of this will actually be in dollars and that amount has already been covered through February's floating rate note. For the rest the Treasury is looking at a mix of sterling, in which it has already raised a £60m bulldog bond, Yen in which it plans to raise a Yen 20bn Samurai bond and Swiss Francs and German Marks in which borrowings, postponed because of poor market conditions in February, will be revived later in the year.

Some bankers argue that this is a dangerous strategy to undertake at a time when the dollar is very strong and liable to weaken against precisely those units that Spain is now seeking to borrow.

This diversification into other currencies forms a plank of the foreign borrowing policy not just of the Treasury itself but also of other Spanish borrowers which have felt the strain of servicing high interest debt in appreciating dollars.

Other currencies, including frequently Ecus, the European currency unit, also figure in their foreign borrowing programme.

However, many of these borrowers are also adopting an even lower market profile than the Kingdom itself for a number of different reasons. First, expectations that the balance of payments will continue in surplus this year, though at a slightly lower level of perhaps $1.5bn, means they are no longer under pressure to borrow abroad. Indeed, the high level of Spain's foreign exchange reserves and ample liquidity at home means the syndicated loan market in pesetas is flourishing, and borrowing pesetas entails no exchange risk.

For that reason bankers expect to see very few borrowing operations abroad by the large state entities such as INI, the total debt of which last year amounted to $5.3bn and Renfe, the state railways with debts of $2bn.

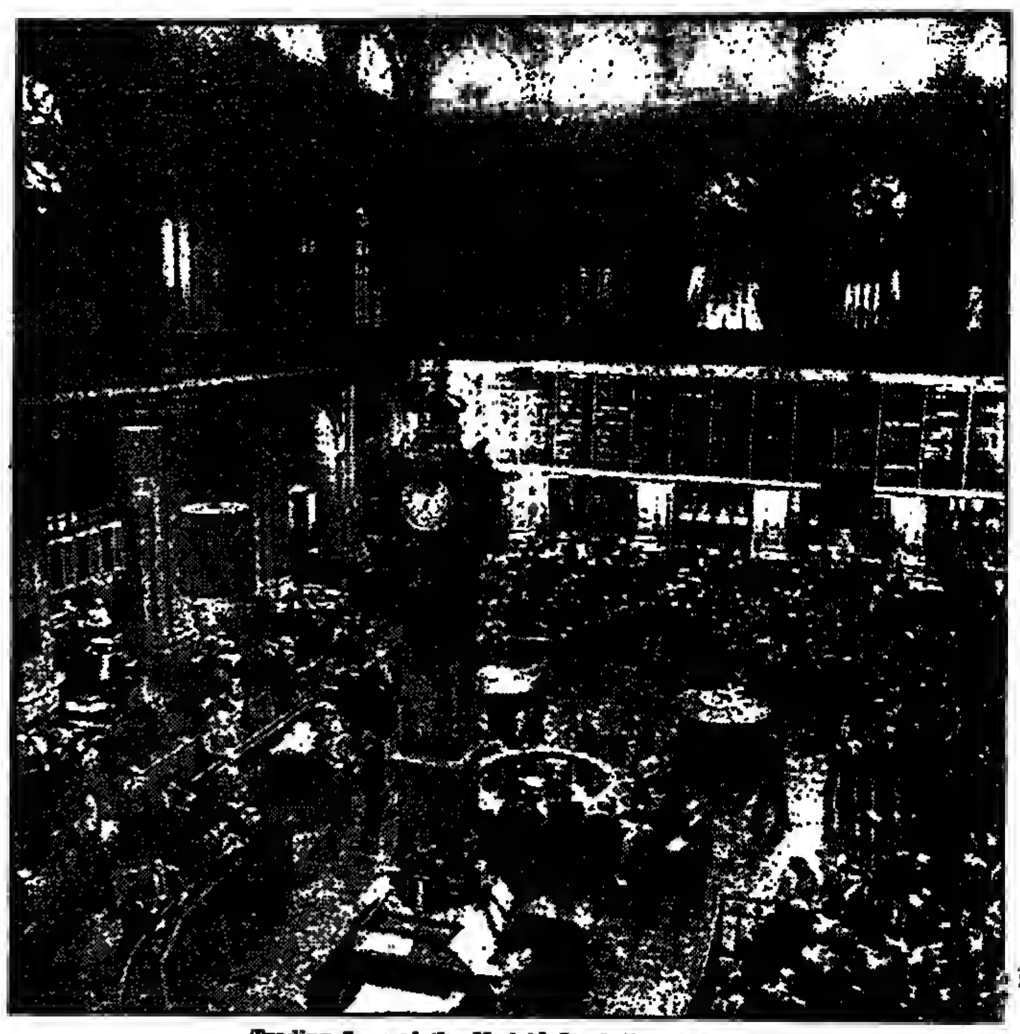
These organisations might find some attraction in following the Treasury's example and refinancing existing loans, but a quirk of Spanish accounting practice makes this rather problematic.

With the exception of the Treasury, Spanish borrowers must account for currency losses on their borrowings if they repay them early, though they can be renegotiated with the same syndicate of banks. Lack of willingness to take large dollar borrowings has made both public and private sector entities more reluctant than those in some other countries, such as Italy, to refinance their debts.

At the same time one major source of loan business for international banks in Spain has dropped away. Energy utility companies, which have been frequent borrowers in the past, have dropped out of the market while exchanges of assets and liabilities required under the new national energy plan are completed.

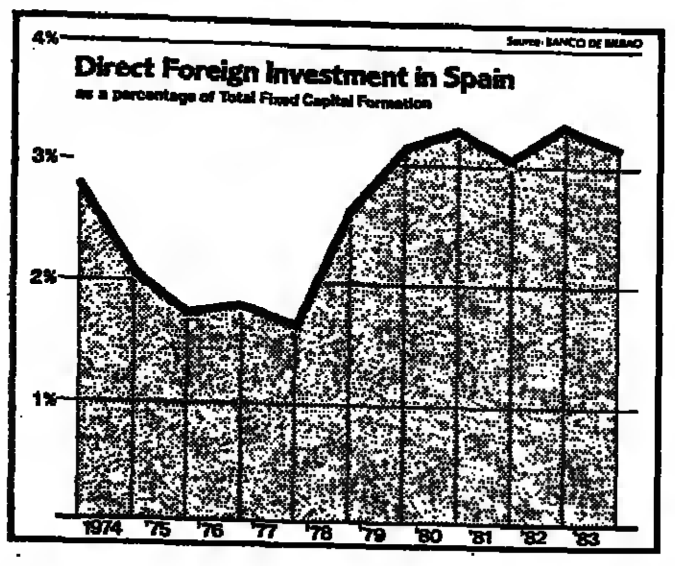
That leaves the motorways which have continued to borrow both to raise fresh money and to reorganise their debts, following the state takeover of certain highway companies last year.

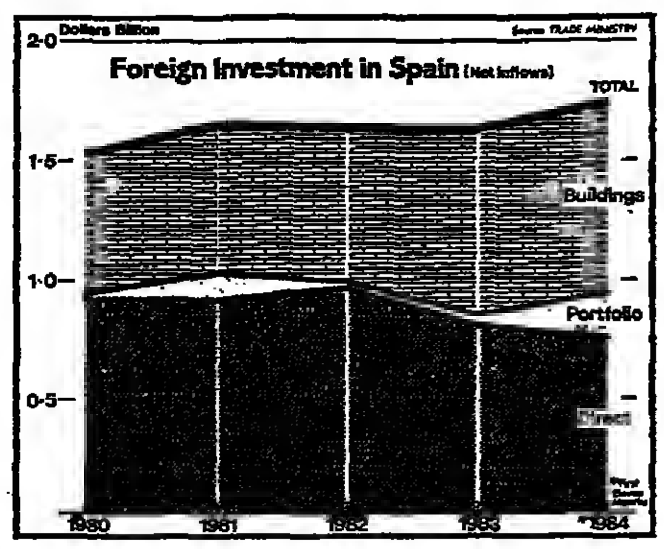
Even here, however, margins have come under pressure, limiting the profit potential for the banks. Times may be good for Spain, but they are no longer easy for the country's bankers.



Trading floor of the Madrid Stock Exchange

Foreign exchange dealing room of Banco de Vizcaya in Madrid





Emphasis on long-term outlook

Foreign Investment

WILLIAM CHISLETT

"SPANISH investors take a much more short-term outlook than foreign investors. They have lived in an ivory tower as they have been highly protected. They didn't have to take risks.

"This mentality is having to change as the economy becomes more open. But still the Spaniard looks at what be thinks may happen in the coming months, whereas the foreign investor is looking several years ahead."

Thus says Sr Enrique Puig, who oversaw foreign investment in the UCD Centrist Government before the present Socialist administration. He is now a senior official at Banco de Bilbao, one of the main banks.

While private Spanish investment declined by about 3.5 per cent last year, total net foreign investment (direct, portfolio and investment in property) rose some 6 per cent in the first 11 months of 1984 to $1.7bn. In peseta terms direct authorised foreign investment rose 46 per cent.

This figure understates the overall value as authorisation is only required when the project concerns a foreign equity stake of more than 50 per cent.

Foreign interests are looking at Spain in the context of the country joining the EEC and the benefits this is expected to bring to export sectors like the motor industry and agriculture. (Ford, General Motors, Renault and other car manufacturers have already pushed Spanish car output higher than that of tha UK).

Foreign investors are attracted, too, by a large domestic market with a population approaching 40m which has considerable growth potential and an increasingly skilled labour force. (The number of Spaniards who have completed primary education is almost doubla the 2.5m level of ten years ago.)

Spanish businessmen, in comparison, are taking a much more cautious view, despite a significant improvement in profits in the past year. But this is not being translated into productive investment. Businessmen are using their cash to reduce the high level of their indebtedness, both foreign and domestic and to invest in bank deposits or tax haven assets like treasury bills which involve no risk. They are also still wary of socialist policy.

Predominant role

As a result foreign investment is assuming a more predominant role in the Spanish economy. There has been a marked increase over the past five years in the share of foreign direct investment in total fixed capital formation. Foreign investment now accounts for about 3.5 per cent of the total, although it is still low by the standards of some European countries.

Spain takes a liberal attitude to foreign investment and when it joins the EEC few changes are likely. Virtually every project where the majority of the equity is in foreign hands is approved by the cabinet.

The most significant exception on strategic grounds is the government's refusal to allow the French company Leiseur Cotelle to buy Carbooell. Leiseur already holds 49.9 per cent of Koipe and the addition of Carbonell would have given it control of 75 per cent of Spain's olive oil production.

Approval was given to Guardian Industries of the U.S. in February to take majority control of Vidrierias de Llodio, Spain's largest independent glassmaker, so that it can stand up to the domination of the glass market by the French state-owned Saint Gobain group.

Tha liberal policy, started under General Franco in the 1950s, has not been changed bv the Socialist government. It is taking a very pragmatic approach, particularly towards problems in the public sector and the reprivatisation of Rumasa, the private conglomerate expropriated in 1983, when it was on the verge of collapse.

As part of the plans to restructure INI, the sprawling public-sector conglomerate which is a heavy drain on the exchequer, the Government is discussing the sale of INI's car company Seat to Volkswagen and hopes that General Motors will take a majority stake in Enasa, the truck manufacturer.

In Rumasa the Hotasa hotel chain has been sold to Sol-[illegible] with Kuwaiti interests and Galerias Preciados, the department store chain, to Diego Cisneros, a Venezuelan group.

Most of the new direct investment is used to increase capital of companies already established and very little to set up new concerns. Last year almost 72 per cent of the direct investment authorised was for increases of capital and only 7 per cent to set up new ventures.

For example, Dow Chemical and Mercedes Benz increased their capital to carry out expansion plans. Heineken gained 40 per cent control of the Aguilar beer company through the Madrid stock exchange.

The major new investment under review is tha $200m microchip production venture by American Telephooe and Telegraph, which has run up against pressure from Washington for tighter controls on technology sales to the Soviet bloc. The deal is awaiting a U.S. export licence.

Compromise

The Government has come up with a compromise approach which it hopes will satisfy Washington's fears that the highly sensitive microchip technology cannot be put to military use if exported to the Soviet bloc.

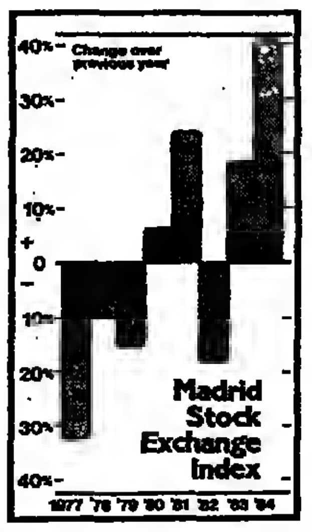
The argument is bound up with the debate going on within the Government over whether to integrate Spain fully into Nato, which the U.S. is keen to see bappen.

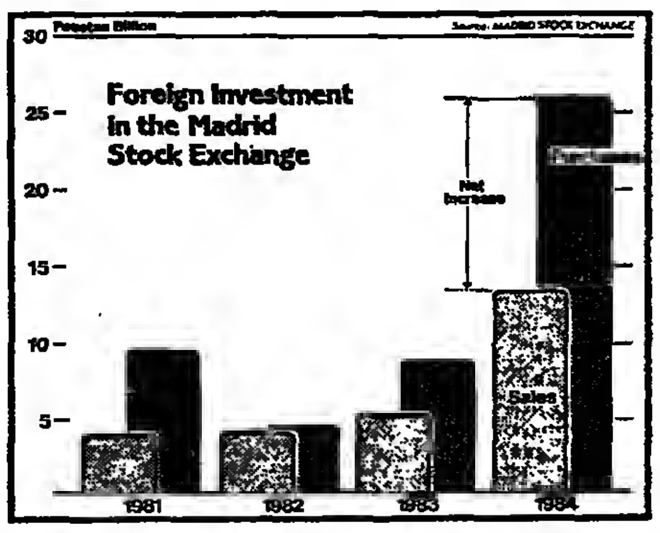
Meanwhile, Japan is continuing to step up its investment at a faster rate than most countries. It sees Spain as a springboard into the EEC while avoiding Community regulations. Last year Japan accounted for almost 6 per cent of the new authorised direct iovestment compared to 2.6 per ceot in 1983. Japanese investment in Spain is higher than that of any European country and Spain has become its main investment base in Europe.

Boom heightens need for broader base

Stock Markets

WILLIAM CHISLETT





MADRID'S Plaza de Toros was not the only place which enjoyed a good season last year. Bulls were also out in force in the Madrid stock exchange where the index rose 40.7 per cent, the best performance among the world's bourses in local currency terms and the second after Hong Kong when measured against the U.S. dollar.

In tha first two months of 1985 tha index rose a further 12.5 per cent to close at 112.5 (the index is rebased at 100 on tha first trading day of each year).

It has taken 10 years for the bull to return, and shares are still undervalued.

The factors behind the surge are falling interest rates, considerable excess liquidity, lower inflation, a dramatic turnround in the current account balance of payments, healthier balance sheets and the laundering of tax-shy money. Greater efforts to enforce taxes are driving so-called black money on to the stock market in search of fiscal respectability.

A significant force behind the boom is also foreign investment which is being increasingly attracted by the low price/earning ratios and bigh yields offered by the Madrid exchange. American investors are using a strong dollar to buy local shares cheaply. (The Madrid market represents 75 per cent of Spain's stock exchanges, with two others in Barcelona and Bilbao.)

Net foreign investment in the Madrid exchange was Pta 12.7bn ($6.7m) last year, up from Pta 3.6bn in 1983. Investors were lured by a p/e of 9, compared to an average on the world's bourses of 11.9, a yield of 9 per cent (as against 3.8 per cent) and shares selling on average at 40 per cent of their book valua (against 150 per cent).

Foreign investment is having an important psychological as well as real impact on the market since it is making Spanish investors, traditionally conservative, reassess their own feelings and see that things are not as dire as they are prone to believe.

The volume of trading rose from Pta 700m a day in 1983 to Pta 1.8bn last year, when tbe Madrid exchange began trading five days instead of four.

In February this year the volume averaged Pta 3bn a day as the Government had already issued enough treasury bills to cover some 80 per cent of its needs.

The growth of Treasury bills, which are the Spanish tax haven assets has been phenomenal. They now account for half the total market, with the Pta 445bn volume traded last year five times higher than in 1983. In comparison shares account for one-third of the market, with turnover for 1984 rising 108 per cent to Pta 286bn.

The boom has heightened worries in the Government and among stockbrokers that the infant market needs to be widened. The Spanish banks, still recovering from a crisis, electrical stocks and Telefonica, the state telecommunications concern, account for 80 per cent of the stock exchange which means that the market is vulnerable to a crisis in any one of these sectors.

Non-existent

Companies are very thinly represented and investment from unit trusts, pension funds and mutual funds is non-existent.

The number of listed companies has fallen by 108 to 375 in the last four years, through takeovers or mergers, the banking crisis or failure to meet disclosure requirements.

A concerted campaign is now under way, led by Sr Manuel de la Concha, the president of the Madrid exchange, to encourage more companies to go public and so develop the exchange's minor financing roie for industry.

Sr de la Concha says that he is finding "a lot of curiosity but also scepticism" as he tries to persuade companies to be listed.

The problem, he explains, is that many companies, particularly exporters, are awash with liquidity and so are abla to meet their own financing needs.

Also there is resistance to baving to disclose more information (which companies would bave to do if they went public) and fiscal fears. In addition there is a bunker mentality in companies run by families which Sr de la Concha hopes will change when the second generation takes over at the helm.

He says it will be a long process to widen tha stock market. Meanwhile, ha hopes to launch an unlisted securities market in Madrid by the summer (there is one already in Barcelona) as a first step to companies graduating to the stock exchange.

Sr de la Concha draws comfort from the way in which the stock exchange reacted to Banco Hispano Americano when the bank omitted its 1984 dividend and sent shock waves through the investment community. The unprecedented move led to the stock exchange board considering whether to suspend Hispano's shares or let the price fall beyond the margin allowed unless authorisation is given.

The general opinion was that it would have been over-reacting to bave suspended the bank's shares just because it did not pay a dividend. In the event the shares fell 16 per cent and there was no run on deposits, a "mature" step in the opinion of Sr da la Concha.

The exchange's renewed vigour has put brokers on their toes about the risk of foreign investment "overheating" the market. "We don't want the Spanish exchange to become the spiv market of 1985," says Sra Monica de Morales, a senior official at Banif, the investment arm of Banco Hispano Americano. "There is always the danger that investors, particularly American, will jump in with two feet and ruin it."

Institutions like Banif, which handles most of the foreign investment, see it as in the best interests of the market to discouraga foreign investors from putting relatively large sums into the exchange. Equally they want to ensure that there are no suddan big sales, which would make the exchange volatile. Some millionaire customers have been dissuaded from investing large sums.

Even the cautious Japanese are looking at the Madrid exchange. Nikko, Japan's second largest securities house, recently sent a team to examine the prospects. Nikko will place Telefonica, one of the bright stars, on the Tokyo exchange this summer. Telefonica accounts for almost 11 per cent of business on the Madrid exchange and last year attracted the greatest volume of foreign investment of any sector.

Symtomatic

The degree to which London stock brokers have fallen over themselves to offer to place Telefonica on the London market later this year is also symptomatic of the surge in foreign interest. Last year nobody wanted to touch Telefcnica when it made soundings about a listing.

The boom has taken its toll. Earlier this year Alexandre Buxeres, a dealer in the Barcelona exchange, who controlled 60 per cent of the credit market for stocks through repurchase operations was sacked after he was unable to bonour payments to clients estimated at over Pta 4bn.

The Buxeres affair has become something of a casus belli for greater regulations of undercapitalised individual brokers who may leave investors high and dry.

Spanish Banking 6

LEFT: The Madrid Stock Exchange. CENTRE: Headquarters of Spain's largest banking group, Banco Espanol de Credito. RIGHT: The Bank of Spain

Worry over ability to compete against invaders

Impact of EEC Membership

TOM BURNS

AFTER A seven year transition period, following formal entry into the European Economic Community, Spain's monetary authorities will forgo their present power of discretion that effectively can prevent the establishment of European banks in Spain and current discriminatory regulations governing the Spanish business operations of Euro banks will cease.

Publicly, the Spanish banking system enthusiastically welcomes the impending competition. Privately, Spanish bankers are less sanguine and worry about their ability to absorb the shock.

The prospect of European membership has already affected, as it could not fail to do, whole areas of Spain's productive output, be they subsidised steel works or non-hygenic slaughterhouses. It would certainly be odd if the banking system were to escape a similar Euro-prompted restructuring process.

Some Spaniards who are finely tuned to Brussels, such as Sr Eduardo Punset, a former Minister for Relations with the European Community and currently a senior executive in Banco Hispano Americano, are concerned over a "lack of urgency" among Spanish bankers as they approach the transition phase.

The urgency, or absence of it, centres on the need to adjust the operating margins of Spanish banks to those of their soon to be competitors. Spanish banks are saddled with over manning and with the constraints of the "coefficients" which severely limit their operations.

So far these objective disadvantages have been eased by the discretionary and discriminatory factors that govern the non-Spanish banks.

The alleged complacency of Spanish bankers has a great deal to do with two assumptions: that they have, as a group, already taken key restructuring strides and that Euro banks are unlikely to expand much beyond their current presence in Spain. Such considerations contain a degree of wishful thinking.

At root restructuring means cutting back on staff. The most immediately obvious characteristic of the Spanish banking system is the huge number of bank branches and the disproportionate number of bank employees. No bank wants to reduce its outlets and each bank president knows exactly what an ideal world would look like.

Top Spanish bankers swap tales of one branch on employee operations outside Spain and one senior bank executive impressed his colleagues with details of a wholly automated branch operation he had studied in Japan.

From the mid-1970s onwards Spain underwent the most damaging and costly banking crisis in Western Europe, but one would be none the wiser of this fact to judge from the number of new bank branches that mushroomed up and down the country during the same period.

The total number of branches in September 1984 according to The Association Espanola De Banca (AEB), the Spanish private banks trade association, was 31,740, of which half were private bank outlets and the rest were savings banks, credit co-operatives and branches of the Bank of Spain and other official bank agencies. In 1974 the bank branch network was made up of a total of 15,396 offices, less than half the 1984 total.

Sr Rafael Termes, the AEB chairman, uses several other indicators to pinpoint the extent of overmanning and expansion by the Spanish banks. In 1974 there was one bank or credit and savings branch per 2,275 Spaniards. While the network doubled over the ensuing ten years the Spanish population increased by less than 10 per cent, with the result that last year there was one branch per 1,213 Spaniards.

Spanish bankers who look on the bright side of things say that the overkill of branches in Spain makes any non-Spanish bank extremely wary of stepping in and adding to the glut. But against this the expansion was accompanied by an inflated labour force. In 1980 the total number of employees in the banking sector peaked at 180,274 and since then the banks have been trying to ease themselves of this burden.

By Sr Termes's estimate the sector's labour force has been trimmed by an average 2,500 a year since 1980. The number of staff per branch dropped from 13.6 in 1980 to 10.7 in 1983.

This is still a figure that rightly concerns some Spanish bankers when they view European competition.

The statistic are even less encouraging when viewing the volume of the Spanish banking operation. The present estimate is that there is one employee per Pta 90m of deposits and one bank branch per Pta 900m of assets.

The Spanish market leader as far as bank automation is concerned is generally recognised to be Banco de Santander. The bank began to invest in technology 20 years ago, well ahead of the other Spanish banks, and it reckons it has a two year lead at present over its rivals.

For some years Banco de Santander has not been filling vacancies in personnel and has been negotiating early retirements for staff who have turned 50.

New branches, opened by the Santander group, number two employees, the manager and a technician. Senior executives at Banco de Santander believe that overall employment in the sector could be cut by 15-20 per cent.

Clearly cutting back on staff aims to increase the volume of resources handled per employee and per branch by reducing the transformation costs. Sr Termes argues that the continuing restructuring is already showing results.

The Spanish banks have reduced their transformation costs as a percentage of total average yearly assets, from 3.53 per cent in 1979 to 3.01 per cent in 1983, and to an estimated 2.90 per cent in 1984.

The AEB chairman compares these figures to transformation costs that averaga 2.04 per cent in the French banking sector and to figures as high as 3.27 per cent among laading British banks.

When Sr Termes, Sr Punset and others talk of the urgent need to have Spanish banks ready for European competition, the terms of reference are the stages laid down for the transition period that will gradually abolish the restrictions that govern the European banks in Spain.

The seven year transition period was agreed in 1982 when the banking chapter of the entry negotiations were closed. The Madrid negotiators canvassed for a 10-year transition period for the financial institutions. The delay in entry together with the early agreement on this particular chapter has in practice meant that the transition originally sought by the Spanish team has been more than met as the seven year period begins with formal entry.

The key point gained by Spain in the negotiations is that throughout the transition period the Madrid monetary authorities can make use of a clause covering "economic necessities of the market" and exercise their present discretionary powers to prevent the establishment of European banks.

Some Spaniards finely tuned to Brussels are concerned over a lack of urgency among Spanish bankers as the transition phase towards EEC membership approaches. They question the markets' readiness to absorb shock waves from foreign competition.

After seven years the authorities in theory lose such a discretionary role. In practice, after transition, Spain will probably be able to ward off an unwelcome bank much like any member state is able to.

The current discrimination against non-Spanish banks is abolished by stages where European institutions are concerned. For the first four years of the transition period European banks will be limited, as at present, to a maximum of three branches. In the fifth year they will be allowed to run five branches, in the sixth six branches and in the seventh they will be allowed a total of eight branches. Thereafter discrimination is lifted altogether.

The second discriminatory factor—concerning the 40 per cent ceiling on customer deposits—undergoes a similar stage by stage abolition process. In the third year of the transition period the ceiling is raised by 10 points and it continues to rise by 10 percentage points every year so that European banks will have no ceiling at all, or, in other words, the ability to raise all 100 per cent of their deposits from direct customers, by the start of the eighth year after formal entry into the EEC.

The complacent camp of the Spanish bankers viewing European entry and European competition argue that after the transition period, little will change. They point out that the real shake-up came as a result of the 1978 liberalisation law which let in the foreign banks, albeit on a discriminatory basis. There are at present 35 foreign banks operating in Spain, of which 19 are European Community-based.

The discrimination was moreover more theoretical than anything else. The argument runs that European and foreign banks were not barred from buying Spanish banks if they chose, thereby circumventing the restrictions, and that Barclays and Citibank, for example, did exactly that.

These views have their critics. The performance of the non-Spanish banks since 1978 suggests that they are perfectly able to take business away from the domestic institutions.

By December 31, 1983 credit investments by non-Spanish banks represented 8.7 per cent of the total by the private banking sector in Spain. The non-domestic banks attained that figure having among them just 105 branches or 0.6 per cent of the total private bank branches in Spain.

The penetration of the non-Spanish banks continues to grow. In the first eight months of 1984 their slice of the credit market increased to 10.5 per cent. Such a success reflects, as Sr Punset points out, a relationship between resources and assets and a level of transformation costs that is far more competitive than what is to be found in the average Spanish bank.

There is nothing to indicate that the margin will somehow cease to grow once European banks are able, during the transition period, to open more branches and capture more direct deposits.

Hamstrung by syphoning of deposits

Public Sector Deficit

TOM BURNS

THE SPANISH banker has an obsessive complaint. It is the theme of every bank chairman when he addresses his shareholders and it can take on the apearance of a worrying identity crisis in private conversation. "Am I a banker at all?" asked one senior executive plaintively and then asserted: "I am not allowed to be one."

All agree that their affliction has been correctly diagnosed as public deficit financing and that its chief symptom is called "Coeficientes." Sr Rafael Termes, chairman of The Association of Spanish Private Banks, bluntly calls the malady and its manifestations "a cancer."

The situation is that the budget deficit has increased, could increase further and should be diminished. The deficit has spiralled rather than simply increased and in order to finance it the banks have been hamstrung by the "Coeficientes." Unless the latter are reduced, and that means unless the deficit is reduced, Spanish bankers will be justified in saying that they are unable to exercise their profession in a manner comparabla to their colleagues in other developed market economies.

The oddity of budget financing in Spain, a singularity that is best expressed through its impact on the banks, is nothing more than the reflection of a huge and accelerated deficit growth that is unparalleled in Western Europe today.

Expenditure rocketed from Pta 2.4 trillion (million million) in 1977 to Pta 8.4 trillion in the 1983 budget and the deficit moved from the 1977 budget figure of Pta 56bn to 1.3 trillion. Over the 197-83, six-year, period the deficit multiplied by 25 times.

The year 1977 was when the effects of recession bit deeply into Spain's formally booming economy and it was also the year of the first frea alections of the post-Franco period.

The galloping expenditure was the result both of the increased, recession-induced, costs and of the necessity to buy industrial peace at the delicate time of political transition. Spain discovered that a democracy with a decentralised administration is much more costly to run than a strict, uniform dictatorship.

The present Socialist Government, when it took office at the end fo 1982, inherited a budget deficit that had leapt in the previous 12 months from representing 3.5 per cent of the GDP (gross domestic product) to the equivalent of six per cent of the GDP. The budget policy since then has been to contain the percentage and, latterly, to reduce it hopefully by half a point.

One of the gloomiest aspects of the Spanish deficit is that its growth does not have much to do with new industrial projects. The acceleration of the shortfall has been swallowed by current expenditures that aimed to soften the impact of industrial restructuring.

The key chapters in the deficit have to do with transfers to public and private companies in the smokestack sectors and with subsidies to a burgeoning social security system and a growing army of unemployed—in 1984 the milestone of one out of five Spaniards without a job among the working population was passed.

While the Government claims it has contained and even reduced the deficit in relation to GDP, expenditure has continued to grow. Moreover, critics of the budget policy say that the 5.5 per cent figure is the result of creative accounting on the part of the previous Centre-Right Administration.

One gloomy aspect is that the deficit has little to do with financing industrial projects.

A closer scrutiny of income and expenditure and a more thoroughgoing evaluation of GDP would give a deficit that represented between 6 and 7 per cent. Budget planning in Spain is handicapped by precarious statistics which have led to disputes over conflicting figures produced by the National Statistics Institute, the Bank of Spain, the Finance Ministry itself and private institutions.

There are fewer quarrels, however, about the manner in which the deficit is financed. It is all too clear that there is an increasing onus on the private banks. Learning to live with a budget deficit of such proportions in Spain has inevitably prompted the use of home grown ways to bankroll it. "We are not the U.S. with the whole world queuing up to finance our deficit," a former Finance Minister observed dryly.

The "Coeficientes Bancarios" are an old friend of the Spanish banking system. Essentially they entail the syphoning of private banks deposits towards state directed investments.

The Government, through the monetary authorities, established compulsory balance sheet rates which force banks to invest a percentage of their customer liabilities in certain assets. The need to finance the budget deficit has meant a growing recourse to the "Coeficientes" and a consequent narrowing of the margin of liabilities with which the banks can operate freely.

When the present Socialist Government came to power, two and a half years ago, the "Coeficientes" stood at 31.75 per cent. The single most important feature of Government policy with regard to the private banks has been the upward climb of the compulsory ratio.

The definition of the eligible liabilities base has been upped by some 10 to 12 per cent and the ratios themselves have been raised. At present the "Coeficientes Bancarios" stand at 51.5 per cent of the new widened deposit base. As the banker who asked whether he was one put it: "We have one hand tied behind our back."

Arguably the growth of the budget deficit has in practice meant an end to the bank liberalisation process that was formally inaugurated by a package of legislative measures in 1977.

The most telling feature of the liberalisation was the opening it gave to foreign banks entering Spain—a move that jerked the Spanish financial system into modernity—but at the same time the domestic banks benefited from the ending of controls on interest rates and from the reduction of the mandatory investment ratios.

However, 1982 seemingly brought the process to a sudden halt and the clock began to be turned back. The "Coeficientes" started to climb and Pagares de Tesoro (PTs), the Treasury Bills issued by the monetary authorities, became a main source of budget financing. To protect the PTs there was a growing clampdown on the titles issued by the private sector.

Before the spectacular growth of expenditure and to the 1982-83 leap in the deficit, as much as 72 per cent of State borrowing requirements was met by direct Bank of Spain financing.

Last year the Central Bank's direct finance had dropped to a third, a third of the deficit was funded by placings of long-term debt and the PTs provided the remaining third.

Such a financing pattern looked orthodox on paper but the fine print was that the lion's share of the PTs was raised by the private banks.

The monetary authorities added a new chapter to the "Coeficientes Bancarios" by establishing a new 12 per cent slice of customer liabilities which the private banks had to meet by holding Pts. It was this added compulsory onus that pushed the "Coeficientes" over the psychological 50 per cent ceiling and prompted the talk of having hands tied behind backs.

There are two broad responses to the bitter complaints issued by the banking community. The first is that there is no other option than to bear it, and the second is that since the situation has to be borne, the banks may as well grin—their lending is, at the very least, safe and the yield is adequate.

Officials at the Bank of Spain are the first to point out that the "Coeficientes" are too high and they protest that they, the monetary authorities, are absolutely against the compulsory ratios. That said, the argument runs that the deficit is what it is and that it reflects not just minutiae of the Finance Ministry but real problems that deal with restructuring the economy.

As a gesture of good faith the ratios were lowered at the beginning of this year. The compulsory investment ratio of eligible liabilities, the "Coeficiente" chapter that composes the main part of the 51.5 per cent total, was lowered from 21 per cent to 16.5 per cent, with a five-year transition period for the liabilities held as of December 31, 1984. The compulsory ratio of PT holdings was likewise lowered from 12 to 11 per cent.

The banking community is still assessing this surprise move and is somewhat baffled. It is assumed by Madrid financial analysts that there will be further recourse to compulsory treasury bill holdings since the Government needs to place an estimated total of Pta900bn of PTs in order to meet 1985 budget borrowing requirements.

When the monetary authorities say that the banking community may as well accept the situation and grin there is no intended sarcasm. The banks are holding as much as 15 per cent of their liabilities in PTs, thus making specious the cut in the compulsory ratio. The PT holdings show simply that there is an acutely depressed private borrowing market in Spain. The businesses that do make money set it aside to cancel debts.

In such a situation it is just as well for the Spanish banks that there is a deficit to finance. The bankers might complain that they are not allowed to be bankers but in the present budgetary circumstances in Spain there is not much banking to be done outside being state creditors.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday April 3 1985

Alfa Romeo suffers sharp rise in losses

BY ALAN FRIEDMAN IN MILAN

ALFA ROMEO, the state-owned company which controls Italy's second biggest car maker after Fiat as well as other industrial activities, lost L97.8bn ($49.3m) last year, more than treble the deficit in 1983.

The result, which reverses the trend of gradually declining losses by the company, was struck on group turnover of L3,100bn, which rose by 17 per cent.

Alfa Romeo last night blamed the 1984 deficit on heavy capital expenditures of L227bn, related to the launch of car models such as the Alfa 90. The company gave no figures about the financial performance of Alfa Auto.

The car maker, controlled by the IRI-Finmeccanica holding group, said its total indebtedness soared by 37 per cent to L1,164bn. This means that debt, which in 1983 represented a third of group turnover, now represents 37 per cent of Alfa's total revenues.

Alfa was unable to provide debt servicing costs on its 1984 debt, but said that at the operating level it had made a L50bn profit. The company said it was engaged in heavy spending on the restructuring of its product line, but could not say what capital investments were likely this year.

Despite a 17 per cent rise in Alfa turnover, the company said it had been hit by a 4.5 per cent drop in demand in the European market. When Alfa calculated the actual drop in demand in those market segments where it is most active, the decline came to 6 per cent. But demand in Italy, where Alfa Romeo claims a 7.4 per cent market share, rose last year by 3.3 per cent.

The car company, based on the outskirts of Milan, said it employed a total of 38,816 people at year-end, a decline of 5 per cent from the previous year.

ALFA ROMEO RESULTS (L bn)

	Turnover	Loss
1981	2,024	97
1982	2,300	72.8
1983	2,460	28.5
1984	3,100	97.8

CBS sets up $1.5bn credit facility

By Terry Dodsworth in New York

CBS, THE U.S. broadcasting group that recently fought off a takeover threat from Fairness in Media, the right-wing pressure group, has arranged a credit line of $1.5bn for "general corporate purposes."

The announcement of the new facility coincided with the disclosure that Mr Ivan Boesky, the New York specialist in arbitrage dealings, had acquired an 8.6 per cent stake in the group for about $247m.

In a filing with the Securities and Exchange Commission, Mr Boesky said the share were not purchased for the purpose of seeking control; he added that he wanted to "encourage the company to take actions which would result in the market price of its shares more adequately reflecting their value."

The two developments highlight the continuing speculation over the future of CBS on Wall Street, despite the initial success of its defence against Fairness in Media.

The pressure group says it is continuing its attempts to influence the broadcasting company, despite its failure to gain access to its shareholder list.

Many analysts believe that CBS's new credit facility is part of its anti-takeover defence. Although the group denied that the funds had been arranged to give it such protection, companies under threat of takeover regularly take such steps to enable them to make counter takeover offers of their own, or to acquire additional businesses that make them more expensive to a prospective bidder.

The company, however, said the credit line would enable it to make acquisitions in its three main business activities "if opportunities present themselves."

Only last year, CBS bought 12 consumer magazines from Ziff-Davis Publishing.

Saipem seeks listings in Europe and U.S.

BY OUR MILAN CORRESPONDENT

SAIPEM, the Italian state oil and gas pipelaying group which last year floated 20 per cent of its shares on the Milan bourse, returned a L62bn ($31m) consolidated net profit for 1984, an increase of 17.2 per cent.

Sig Enrico Gandolfi, the Saipem president, said the company would seek listings on the London stock market and the Frankfurt, Brussels and Zurich bourses before the end of 1985.

The 1984 profit was struck on consolidated revenues of L1,339bn, unchanged on 1983. Last year 80 per cent of group turnover came from outside Italy. This compares with 70 per cent in 1983.

Saipem, which is also planning to seek a quotation on the New York Stock Exchange, said this might be possible before year-end. Last year Dr Mario Gabbrielli, the finance director of ENI, the state energy group which still controls Saipem, said Saipem would float up to 10 per cent of its shares in New York.

The New York issue, according to Dr Gabbrielli, would raise between $30m and $60m. The continental European and London stock market listings, however, will not involve share issues, according to Dr Gandolfi.

Saipem's share price on the Milan bourse yesterday fell L120 to L4,820, but the company blamed this on a general downward trend in Milan and heavy selling by foreign investors.

The Saipem order book at year-end totalled L3,710bn, equivalent to more than two years work. On a consolidated basis Saipem's net capital rose 38 per cent last year to L623bn.

Under last year's successful Saipem share issue in Milan institutional investors, including French, U.S. British and West German funds, emerged as a major force.

General Mills hit by cost of disposals

By Terry Byland in New York

GENERAL MILLS, the U.S. retail group, saw a minor downturn in earnings from continuing operations turned into a loss of $74.1m for the third quarter by charges linked to its decision to sell off the toy division and redeploy some other assets.

Continuing earnings, despite a 50 per cent gain at the restaurant division, dipped from 96 cents a share to 90 cents a share, or $39.7m for the quarter, on sales 4.4 per cent up at $1.1bn.

Earnings for the first nine months fell from $2.93 a share to $2.72 or $122m, although sales, at $3.3bn, showed a gain of 3.5 per cent.

The group's specialty retailing divisions were profitable in the third quarter but in loss for the nine months, while consumer foods operations showed little change for either period, despite heavy marketing expenditure.

Confident Dresdner lifts dividend

BY JONATHAN CARR IN FRANKFURT

"WE FIRMLY expect a higher share price," said Dr Wolfgang Röller, chief executive of West Germany's Dresdner Bank. "We are convinced that the current level does not reflect our true strength."


Dr Wolfgang Röller

Dr Röller's boardroom colleagues, flanking him at Dresdner's annual press conference, nodded and beamed in agreement. Naturally executives try to put the best face on things on such occasions. But this time a new spirit seemed to be abroad at Dresdner, the country's second biggest bank and for some years in the doldrums.

The bank's 1984 results, released today, give part of the reason for the new confidence. Alone among the "big three" German banks, Dresdner is raising its dividend for 1984 – to DM 7.50 per DM 50 nominal share from DM 6.

This is still behind Deutsche Bank's payout, which is being held at DM 12 a share, but in front of Commerzbank at DM 6. It means that Dresdner has almost doubled its dividend since the dark days of 1981–82, when the bank was reeling under losses on its domestic and foreign lending, and from gold trading.

Moreover, Dr Röller stressed that the bigger payout for 1984 was not being made at the expense of key items such as risk provision. As is usual with German banks, the balance sheet gives only an incomplete picture of this provision. But executives at the press conference revealed that the Dresdner group – with total assets of DM 174.7bn ($56bn) compared with the parent bank's DM 91bn – had put aside up to DM 1.5bn for total risk provision last year. Of that sum, more than DM 1bn was for international lending risk.

Dresdner was able both to increase its payout and bolster its reserves thanks to another strong profits performance. For the second year in a row the group achieved operating profit (a sum never disclosed in detail by German banks) of more than DM 2bn, although it is understood this just failed to match the record 1984 result.

The bank's interest margin (the difference between interest earned and paid) fell to 2.7 per cent from 2.9 per cent in 1983, but Dresdner virtually made up for this by boosting business volume by 6.6 per cent.

Profits from commissions business and from trading on own account were up strongly. Last month, Dresdner announced it was raising DM 465m in cash through a one-for-seven rights issue – its first capital increase since 1961. And Dr Röller revealed that the bank was already close to meeting the tougher capital-lending ratio stipulated in the revamped German banking law. Banks have a six-year transitional period before having to meet the ratio in full.

Apart from all that, the Dresdner board has another reason for giving almost audible sighs of relief. A long period of leadership uncertainty has ended with the decision of Dr Hans Friderichs, who faces trial on corruption charges in connection with the Flick affair, to resign as Dresdner's chief executive.

In many ways the Friderichs era has been an unhappy one for Dresdner. It began after the former chief executive, Herr Jurgen Ponto, was shot by terrorists in 1977 and Dr Friderichs, then Economics Minister in Bonn, was chosen to succeed him. Later Dresdner's performance was far from glowing – in part at least for reasons which began before Dr Friderichs came to the bank. In fact, the bank's comeback over the last year or two must fairly be booked to Dr Friderichs' credit.

But then came the Flick affair, with Dr Friderichs charged for alleged misdemeanours during his time in Bonn. He has firmly protested his innocence and both the Dresdner executive and supervisory boards stood by him. But naturally the affair cast a cloud over the bank – one now lifted by Dr Friderichs' decision to step down.

The new man, Dr Röller, aged 55, has been with Dresdner for about three decades. Always dynamic, an acknowledged expert on capital markets and a trained economist, there has none the less been a question mark over whether he had the stature and charisma for the top job. His performance in presenting the 1984 results to the press may have helped silence these doubts. He slipped into his new role with ease as though he had it for years.

Crown Zellerbach rebuffs Goldsmith

BY TERRY DODSWORTH IN NEW YORK

CROWN ZELLERBACH, the U.S. forest products group, has responded acidly to a takeover proposal from Sir James Goldsmith, the Anglo-French financier, saying that it "will not be hurried, bullied or intimidated."

Mr William Creson, chairman of the company, added that Sir James's "obvious pressure tactics may have succeeded for him elsewhere, but are not appreciated at Crown Zellerbach."

The cool reaction from Crown was followed by a similarly subdued response on Wall Street, where investors are waiting to see how effectively Sir James will be able to mount an attack on a group armed with the latest and most sophisticated anti-takeover device. In early and light trading yesterday, the shares moved up by only $¼ to $42.

Sir James's proposal was couched in careful terms because of the "poison pill" provision which Crown Zellerbach recently introduced in an effort to make itself less vulnerable to takeover. In a letter to the company, he avoided making a firm offer, but said his bid would be "in excess" of $41⅝ a share, which values Crown at a little over $1.1bn.

Sir James' bid tactics are being watched with keen interest on Wall Street, where "poison pill" provisions have been regarded by some investment bankers as a virtually impregnable defence against a hostile takeover bid.

Under the terms of this defence mechanism, a bidding company triggers rights at a certain stage in the take over battle which allows shareholders in Crown to acquire the options at $100 a share. The rights then allow current holders to sell their options to the new owner at $200 a share.

In what may prove to be a test case, Sir James appears to have mapped out an approach to circumvent these protective rights. In the first place, he is asking the board to redeem the rights – a comparatively simple procedure – so that he can proceed with an offer which will be substantially above the $28.875 price at which the shares stood before he first declared an interest

If the board refuses, he says he intends to fight a proxy battle for board representation.

INTL. COMPANIES & FINANCE

Citicorp poaches top Wardley men

BY DAVID DODWELL IN HONG KONG

WARDLEY, the merchant banking arm nf the Hongkong and Shanghai Banking Corporation, has lost five of its most experienced corporate finance executives after a raid by Mr Philip Tose, bead of Citicorp's new investment banking division in Hong Kong.

Mr Keith Holman, recently poached from East-Asia Warburg to head Wardley's merchant banking team, was unavailable for comment yesterday on what most bankers in Hong Kong see as the most serious setback suffered hy the group since the collapse nf Carrian Investments two years ago.

With Jardine Fleming and Scbroders Asia, Wardley has traditionally been seen as one of the territory's three most formidable investment banking groups. The swoop by Citicorp marks a determined effort by the U.S. bank to break into a banking activity traditionally monopolised by banks with UK links.

It also reflects increasing interest In Hong Kong by U.S. companies. Nn major acquisitions have yet been revealed, but a number are thought to be under discussion.

As a number of international—particularly American—banks move to strengthen their securities and Investment banking operations in Hong Kong, so a number nf similar raids have occurred in recent months — albeit on a smaller scale. Mr Peter Innes-Kerr was recently poached from Wardley by Chase Manhattan Bank. Mr Anthony Lo, a partner of Schroders Asia, was persuaded to join Banque Indosuez.

Citicorp's ventures have not been confined to Hong Kong. In February, it made a surprise bid for Seccombe Marshal and Campion, the UK discount bouse which acts fnr the Bank nf England. Last year, it acquired an Interest in stockbrokers Scrimgeour Kemp-Gee, and took full control of Vickers da Costa Hong Knng.

The latest move comes just three weeks after a complete reshaping of Citicorp's Asian banking and securities operations. It has put them under an umbrella unit, whicb is at present withnut a name but which will include Citicorp's private banking, fund management, stockbroking, money market, corporate finance, and Chinese activities.

The five axecutives jnining Citicorp from Wardley are Mr Stephen Clark and Mr Francis Yuen, who will become directors of the new entity, and Mr Cbristopher Howe, Mr Francis Leung and Mr K. C. Wong, who will become vice-presidents.

The U.S. bank appointed Mr Tose, wbn has for 10 years run Vickers da Costa's operations in Hong Kong, to bead the new umbrella group. Mr Tose has had close links with Wardley nver a number of years, partly because the two companies were at nne time linked in a joint venture securities company, Wardley Vickers, from which many Vickers staff joined Wardley.

Mr Tose said yesterday: "The Wardley team is something that we very much needed. Citibank has no equity origination expertise in-house, and obviously even now, we are going to have to fight for a position. I think this is a fairly serious blow to Wardley, though it is an extremely strong organisation, and has a formidable position."

Wardley has been particularly active in recent months, playing an important part, for example, in Sir Yue-Kong Pao's successful takeover—through his publicly quoted subsidiary Hong Kong and Kowloon Wharf and Godown Company — of Wheelock Marden for HK$2.5bn (U.S.$320.5m).

Deposits up by 31% at AAIB

By Mary Frings in Bahrain

ALUBAF Arab International Bank (AAIB), a Bahrain offshore banking unit (OBU) owned by 25 Arab banks and government agencies, showed a 31 per cent increase in deposits to $547m for 1984.

Although funding has proved difficult for some OBUs, against a background of regional political and economic uncertainty, the strength of AAIB's shareholding group compensated for the fact that the bank is only two years old, and has a comparatively small capital of $50m.

AAIB declared a profit of $3.21m after general provisions of $2m. The earnings were slightly up on the $3.14m reported for 1983 when no such provisions were made.

Total assets rose by 26 per cent to $613m and the loan portfolio grew by 44 per cent to $206m.

Another of Bahrain's smaller offshore institutions to have had a satisfactory year was Trans-Arabian Investment Bank (TAIB), which is principally Saudi-owned and regards the Kingdom as its main market.

Despite provisions of $1.66m which bring the loan loss reserve to 1.9 per cent of the total lending portfolio, net income improved from $6.8m to $7.2m.

Mixed 1984 results from Japan's leading brewers

BY OUR FINANCIAL STAFF

A MIXED set nf results for 1984 is emerging from Japan's three leading breweries, which have been moving into pharmaceuticals and bio-technology ahead of an expected tapering-off this year in beer sales.

Sapporo Breweries, the second largest and the latest to report, said its group net earnings were 20 per cent higher at Y4.71bn ($18.6m) on sales just 5 per cent ahead at Y391.89bn. It does not foresee this rate of growth continuing in the current year, however, when profits are expected to touch Y5bn on turnover of some Y408bn.

Its announcement followed group results from Asahi Breweries, which ranks number three and which also has a sizeable involvement in soft drinks, where it has been struggling to maintain its position. Asahi produced net profits 2.2 per cent lower at Y1.75bn, despite a 4.4 per cent sales boost to Y332bn.

Kirin Brewery—by far the largest, with a market share for beer of about 60 per cent against 20 per cent for Sapporo and 10 per cent for Asahi—has yet to report consolidated earnings for its business year which ended in January.

But its parent company profits showed a 27.6 per cent jump to Y25.11bn, achieved on a 7.7 per cent sales gain to Y1,152bn. Again, though, prospects look somewhat flat for the 1985-86 year, for which it is forecasting net earnings for the parent of Y26bn on turnover of Y1,186bn.

Kirin's high domestic profile allows it the benefit of a relatively low advertising budget, but in common with the others its sales growth has been hit by tax increases on beer introduced last May which ranged to 17 per cent.

Exports, which for all three account for a negligible proportion of sales, are seen as the only growth area for beer itself. Kirin, for example, is currently expanding its U.S. sales network eastward from the West Coast, while Sapporo aims this year to edge exports up to reach 1 per cent of sales—at which level its ratio would be the highest of the three.

Greater scope is seen in the emergent life science enterprises into which the companies have been buying. Kirin, which is engaged in work on anti-cancer agents as well as developing new fermentation processes, intends to spend some Y7bn on research and development in the current year.

Alex Harvey recommends Carter Holt bid

By Gordon Cramb

ALEX HARVEY Industries, the New Zealand building products and packaging group, yesterday recommended the NZ$551m (US$255.7m) offer from Carter Holt Holdings.

But success for the pulp maker and saw-miller in the takeover — which would be the biggest the country has seen — remains dependent on the reaction of ACI International, Harvey's Australian parent, which has not yet committed its 55.6 per cent stake.

Harvey said it had received assurances from ACI that the Melbourne group was not planning to renew last November's unsuccessful attempt to increase its control. ACI withdrew the earlier bid, worth NZ$433m and fiercely contested by Harvey, after the New Zealand Finance Ministry refused its assent.

It added that New Zealand Forest Products, which intervened on Monday with an equivalent market offer for 10 per cent of Harvey, had undertaken not to persist.

Harvey shares closed unchanged in Wellington at NZ$3.65, matching the value of the bid, and brokers view the arrival of any counter-offer as unlikely.

INTERNATIONAL COMPANIES and FINANCE

BEREGOVOY PACKAGE TO REFORM FINANCIAL MARKETS

Paris to introduce stock options

BY OUR FINANCIAL STAFF

TRADING in stock options will be introduced for the first time on the Paris bourse as part of a series of new measures to deregulate and modernise the French financial markets.

The decision to introduce stock option trading in France was announced on Monday by M Pierre Beregovoy, the French Finance and Economy Minister, in a letter to senior bourse officials.

The latest measures are part of an ongoing and gradual reform of the French financial markets undertaken by M Beregovoy. Apart from the introduction of stock option trading, the new package includes the introduction of intermediary agents (or jobbers) to help place large securities, sell or buy orders, greater flexibility and freedom in fixing commissions for bond and stock transactions and wider access for large institutional borrowers to the so-called *petit marche* or small bond market.

Borrowers will be able to tap this small bond market for up to FFr 1bn a year compared with the current limit of FFr 500m. Bonds issued on this market do not need prior authorisation from the monetary authorities.

M Beregovoy wants to encourage greater competition in the financial markets in France and ease access to the markets for French enterprises. To this end, the Government is proposing to abolish the existing 1 per cent duty on capital increase operations.

The latest measures, including stock option trading, will be introduced in a gradual manner together with the introduction of financial futures trading, M Beregovoy said in his letter to bourse officials.

The Government earlier announced the gradual introduction of financial futures trading this year as well as trading in certificates of deposit (CDs) for the first time in France. M Beregovoy emphasised that the Government's aim was to modernise the French financial markets to enable them to compete with other major international financial centres like London, New York and Tokyo.

Huhtamaki profits hit by U.S. costs

By Our Helsinki Correspondent

HUHTAMAKI, the diversified Finnish industrial group which branched out into the confectionary business in the U.S. in 1983, reports a steep decline in profits for 1984.

Boosted by the U.S. acquisitions, group sales have almost doubled to FM 3.88bn ($497m) but profits have suffered. Net profits are close to being halved at FM 51.4m.

The newly-acquired U.S. businesses, which have been grouped into Leaf Inc, have been hit by consolidation costs, capital investment and a big advertising budget. However, Leaf stayed in the black, the company stresses.

Leaf is now the seventh biggest confectionary maker in the U.S. Its sales for 1984 were 15 per cent higher at $315m.

Huhtamaki's other ventures outside Finland include a joint venture in food services in Singapore, manufacturing operations in Mexico and Singapore as well as a fish processing and trading company based in London.

● Kone, the Finnish elevator and materials handling company, has acquired Gottbilf Bauer Aufzugsfabrik, a West German lift manufacturer based in Bavaria.

Bauer's turnover is about $25m.

Union Bank of Finland to buy out partners in consortium

BY OLLI VIRTANEN IN HELSINKI AND KEVIN DONE IN STOCKHOLM

UNION BANK of Finland (UBF) is to buy out its three other Nordic partners in the New York-based American Scandinavian Banking Corporation (ASBC). UBF, Den Danske Bank of Denmark, PKbanken of Sweden, and the Norwegian Kreditkassen held equal shares in the consortium bank. The value of the outstanding 75 per cent is estimated to be nearly $37m.

The four banks founded ASBC in 1981. At the end of last year its balance sheet stood at $588m, up 28 per cent from the previous year.

Profits before provisions and taxes came to $4.3m. Scandinavian business accounts for just under half of the bank's loan portfolio of $350m.

UBF recently joined forces with two other Scandinavian banks, Skandinaviska Enskilda of Sweden and the Norwegian Bergen Banken, to form a co-operation group called Scandinavian Banking Partners.

This group is negotiating to become minority shareholders in each other.

ASBC is the first wholly-owned Finnish ban in the U.S. UBF, which is still re-organising its North American operations, is one of the two major banks in Finland. Its consolidated total assets at the end of last year were FMk 60,605m ($8.7bn).

PKbanken of Sweden and Kreditkassen of Norway said last night they intended to establish their own bank in New York, PK Christiania (U.S.) Banking Corporation, as soon as permission was received from the authorities.

The two banks agreed in 1981 to arrange future foreign expansion in joint ventures. They already have joint subsidiaries in London, Hong Kong and Singapore and a joint representative office in Peking.

Nokia earnings decline 15%

BY OUR HELSINKI CORRESPONDENT

NOKIA, Finland's largest privately-owned company with interests in electronics, electrotechnical and forest industries, reports a 15 per cent drop in net profits to FM 85.5m ($13.1m) for 1984.

Net sales climbed by 35 per cent to FM 9,360m following the takeover of Luxor and Salora, two leading TV manufacturers in Scandinavia. The dividend remains at 11 per cent.

Nokia has expanded rapidly during the past five years, particularly in electronics. Turnover has grown almost fivefold since 1975. The share of investments, which has remained steadily around 10 per cent of net sales during the past five years, rose to 12.9 per cent last year.

Nokia regards the group profit as satisfactory in the face of weak demand within basic industries and price and exchange rate developments in Western Europe. The failure of Mobira, the radio telephone unit, to meet raised production targets played a significant role in the performance.

Turnover is expected to continue to grow this year, and Nokia says sales for 1985 may reach FM 11bn. It sees some recovery for profits.

Armco to sell more assets

By Our New York Staff

ARMCO, the diversified U.S. steel group, is selling its aerospace and strategic materials group, and other assets, as part of its plan to return to financial health. The company had previously announced plans to sell its insurance and financial services operations.

Mr Robert Booi, Armco's chief executive, revealed yesterday that proceeds from the sales would be used to reduce debt, provide adequate liquidity and form the basis for restructuring the company.

The announcement came as the Middletown, Ohio-based group reported that its 1984 financial statements have been qualified by its auditors, Deloitte Haskins & Sells.

The auditors qualification was on the basis that the ultimate effect of the decision to discontinue the insurance and finance leasing business "could not be precisely determined." Accordingly, they said that the resulting loss could be greater than the $120m that Armco had provided in its financial statements.

Late last week, Armco revealed that it had reached an agreement with state insurance regulators on a plan under which it will contribute additional cash and other assets to resolve capital deficiency problems in its discontinued insurance businesses.

Austrian banks make progress

BY PATRICK BLUM IN VIENNA

GIROZENTRALE, Austria's second largest bank, increased net profits by more than 22 per cent from Sch 96.9m to Sch 118.9m ($5m) for 1984. A 9 per cent dividend will be distributed.

Capital was increased by Sch 400m to Sch 1.45bn last year to give the bank a firmer base. Further injections are planned to bring capital to Sch 1.6bn in 1986.

The bank continues to build up its foreign business, and considerably increased provisions against international lending. The proportion of foreign business rose slightly from 34.2 per cent to 35.6 per cent of the balance sheet total, which increased to Sch 232.5bn last year.

● Österreichische Länderbank, the country's third largest bank, increased net profits by about 7 per cent to Sch 112.6m last year after government subsidies of Sch 276m.

The bank says that increases in general costs, combined with low income from fees, had caused a drop in operating profits, which fell by about Sch 25m to Sch 305m. It plans to pay a 10 per cent dividend for the second year running.

Capital was increased by Sch 75m earlier this year and a further Sch 150m will be raised later this month. Three more increases are planned to bring capital to Sch 1.8bn in 1988.

● Erste Österreichische Spar-Casse, Austria's seventh largest bank, expanded its balance sheet in 1984 by 10 per cent to more than Sch 114bn. International business in 1984 accounted for one-third of total assets.

Banque Vernes loss jumps to FFr 370m

By Paul Betts in Paris

BANQUE Vernes, the nationalised French bank which has now come under the control of the state-owned Suez financial group, yesterday reported a loss of FFr 370m ($37m) for 1984.

This loss is sharply higher than the FFr 160m deficit the bank reported the year before. The bank has been weighed down heavily by its lossmaking property portfolio built up during its pre-nationalisation days before 1982.

Vernes has received about FFr 500m in fresh capital funds from Suez and the French state to cover its 1984 losses, clean up its balance sheet and strengthen it for future development.

N. AMERICAN QUARTERLY RESULTS

AMERICAN INTERNATIONAL GROUP
Insurance

Fourth quarter	1984 $	1983 $
Revenue	—	—
Net profits	42.2m	80.3m
Net per share	0.57	1.08
Year		
Revenue	—	—
Net profits	301.5m	412.1m
Net per share	4.08	5.58

AMERICAN MEDICAL INTL.
Hospital management

Second quarter	1984-85 $	1983-84 $
Revenue	649.1m	614.5m
Net profits	42.8m	14.7m*
Net per share	0.51	0.19*
Six months		
Revenue	1.24bn	1.2bn
Net profits	85.4m	51m*
Net per share	1.02	0.62*

* Reflects $18.1m merger costs

BRASCAN
Industrial holding company

Fourth quarter	1984 C$	1983 C$
Revenue	—	—
Net profits	32.9m	29.2m
Net per share	0.86	0.84
Year		
Revenue	—	—
Net profits	105.2m	96.6m
Net per share	2.67	2.60

CANADA DEVELOPMENT
State investment company

Fourth quarter	1984 C$	1983 C$
Revenue	1.1bn	964.7m
Net profits	45.8m	28.9m
Net per share	—	—
Year		
Revenue	4.2bn	3.8bn
Net profits	81.1m	45m†
Net per share	—	—

†Loss

COASTAL
Energy

Fourth quarter	1984 $	1983 $
Revenue	1.52bn	1.65bn
Net profits	17.6m	24.4m
Net per share	0.84	0.98
Year		
Revenue	6.26bn	5.96bn
Net profits	101.7m	93.7m
Net per share	4.60	3.65

EX-CELL-O
Industrial eqpt.

First quarter	1984-85 $	1983-84 $
Revenue	289.4m	268.2m
Net profits	8.3m	10.8m
Net per share	0.58	0.76

GATES LEARJET
Aerospace

Fourth quarter	1984 $	1983 $
Revenue	122.4m	143.9m
Net profits	9.3m†	10.1m
Net per share	—	0.83
Year		
Revenue	406.8m	350.5m
Net profits	10.8m†	449,000
Net per share	—	0.04

†Loss

GENERAL CINEMA
Film exhibitor, bottling

First quarter	1984-85 $	1983-84 $
Revenue	214.8m	197.2m
Op. net profits	14.3m	11m
Op. net per share	0.38	0.29

GLOBAL NATURAL RESOURCES
Oil and gas

Fourth quarter	1984-85 $	1983-84 $
Revenue	—	—
Net profits	†10.0m	44,000
Net per share	†0.43	—
Year		
Revenue	—	—
Net profits	†5.97m	1.46m
Net per share	†0.25	0.06

†Loss

JOHN LABATT
Brewing

Third quarter	1984-85 C$	1983-84 C$
Revenue	665m	592.3m
Net profits	15.7m	17.3m
Net per share	0.53	0.58
Nine months		
Revenue	2.1bn	1.8bn
Net profits	69.8m	66m
Net per share	2.34	2.34

MAY DEPARTMENT STORES
Retailing

Fourth quarter	1984-85 $	1983-84 $
Revenue	1.62bn	1.43bn
Net profits	110m	100.4m
Net per share	2.55	2.32
Year		
Revenue	4.76bn	4.19bn
Net profits	214.1m	187m
Net per share	4.96	4.32

PILLSBURY
Fast-food restaurants

Third quarter	1984-85 $	1983-84 $
Revenue	1.17bn	1.04bn
Net profits	39.5m	36.2m
Net per share	0.91	0.83
Nine months		
Revenue	3.45bn	3.09bn
Net profits	144.5m	123.1m
Net per share	3.33	2.83

U.S. SHOE
Footwear, clothes shops

Fourth quarter	1984-85 $	1983-84 $
Revenue	545.0m	463.4m
Net profits	30.5m	31.9m
Net per share	1.38	1.45
Year		
Revenue	1.71bn	1.50bn
Net profits	53.4m	75.2m
Net per share	2.42	3.41

TEKTRONIX
Electronic instruments

Third quarter	1984-85 $	1983-84 $
Revenue	418.3m	402.4m
Net profits	26.8m	25.7m
Net per share	1.38	1.34
Nine months		
Revenue	1.06bn	953.4m
Net profits	66.6m	51.9m
Net per share	3.44	2.71

WAL-MART STORES
Discount stores

Fourth quarter	1984-85 $	1983-84 $
Revenue	2.07bn	1.55bn
Net profits	109.4m	84.6m
Net per share	0.77	0.59
Year		
Revenue	6.4bn	4.7bn
Net profits	270.8m	196.2m
Net per share	1.91	1.40

WICKES
Building mats. retailer

Fourth quarter	1984-85 $	1983-84 $
Revenue	739.8m	730.1m
Net profits	3.5m	741,000†
Net per share	0.23	0.05†
Year		
Revenue	3.03bn	2.87bn
Net profits	8.7m	9.5m
Net per share	0.67	0.66

†Loss

Consafe looks to a future based on a broader international field

BY DAVID BROWN IN STOCKHOLM

ONE YEAR ago, Consafe was riding on the crest of a wave. As one of Sweden's fastest-growing enterprises, and the world's largest owner of offshore accommodation platforms; its newly-issued shares were trading at SKr 510 apiece on the Stockholm Bourse.

Only months later, the stocks had tumbled as low as SKr 104; profitability was dropping like a stone: and its young founder, Mr Christer Ericsson, 43—earlier seen as a model of new Swedish entreprenurial spirit—was forced to return from his lofty board chairmanship to full-time management, in an effort to stem the slide.

By the end of 1984, the pre-tax result had plummeted from the previous years' record SKr 408m to only SKr 29m, with a heavy and growing interest burden, a weak world market, growing protectionism on the main markets and a drop in capacity utilisation from 86 per cent to 62 per cent.

Moreover, the group predicted that continuing poor market conditions and idle platforms could well result in a loss this year, in spite of such efforts as the recent extension

Easier access to important UK market sought

of its depreciation period from 10 years to 15.

"We knew 1984 and 1985 would be tough years, but we didn't think the market would dip this much," admits Mr Ericsson, surveying the harbour of his native Gothenburg from the top floor of his headquarters. "We've had a lot of disappointed shareholders in Sweden and its very embarrassing. As a result, our current projections are very conservative."

Until last year, Mr Ericsson was the wonder child of Swedish industry. He left his job as a merchant skipper 15 years ago to transform a simple cargo handling innovation into a worldwide offshore empire, with offices in 13 countries and an annual turnover of above SKr 1bn.

He pioneered purpose-built semi-submersible accommodation platforms, and his company

Mr Christer Ericsson: "We will have to get into areas which don't follow the same up-and-down pattern."

now claims a 55 per cent world market share. The group also built a number of smaller and more flexible barge-mounted accommodation units, one of which is housing British forces in the Falkland Islands.

But in the course of the past year, demand plummeted and price competition became increasingly fierce. At current rates, new accommodation rig contracts barely cover costs.

Meanwhile, virtually all the company's turnover is outside Sweden, which has no offshore market of its own. Roughly half this is generated in the British and Norwegian sectors of the North Sea.

Moreover, growing protectionism, not least in the important Norwegian market, cut capacity utilisation last year by as much as 25 per cent, Mr Ericsson estimates.

"I don't complain about this — it's understandable. But in the future we'll have to become more internationally oriented, and we will have to get into areas which don't follow the same up-and-down pattern."

As a first step, Consafe concluded a deal late last year to take a 40 per cent stake in SDS drilling of Norway and made arrangements to transfer one of its new drilling rigs over to Norwegian registry. Henceforth, drilling operations will be co-ordinated out of Norway, Mr Ericsson says.

Moreover, the group is in the final stages of negotiation with a UK offshore group aimed at striking a similar deal, under which Consafe would become a minority partner in return for easier access to the important British market. It has already transferred a number of its technical and engineering staff to its London office.

While most of the group's large fleet was built at favourable rates in the hard-pressed shipyards in Gothenburg, a growing number of new-builds will be awarded abroad.

"What we mean to do is fly the flag of the market we're competing in. . . and that means we have to start building more in Norway and the UK, and keeping our money in those countries for further investment," says Mr Ericsson.

As a second step in its recovery strategy, Consafe is attempting to broaden its base of offshore services. Accommodation platforms, of which there is currently a world glut, account for over half of total turnover. But they are primarily used only when offshore fields are being prepared and Consafe is anxious to expand into both the exploration and production phases as well.

"Ideally, we'd like to spread our turnover evenly between drilling, topside construction (accommodation), subsea engineering and production," Mr Ericsson says.

As part of this effort, Consafe entered the market for multi-purpose support vessels (MSVs) in 1983. These are capable of performing a variety of tasks in addition to accommodation, the most important of which are various diving applications. A second MSV was scheduled for delivery this month and a third will be ready in early 1987.

To offer services in the exploration phase, Consafe is having its Safe Petrolia semi-submersible converted into a drill rig, which will be delivered in September. A large new rig for the harsh conditions of the northernmost sector of the Norwegian North Sea, the Safe Trilonia, will be on offer in December. Both will be managed by SDS.

On the production side, the group has recently signed a letter of intent with Mitsui Ocean Development and Engineering, the subsidiary of Mitsui and Co., the Japanese trading house, jointly to build a $40m floating production platform for work in the Far East.

But the current situation remains difficult. World overcapacity for accommodation units stands at about 40 per cent, and price competition is cut-throat. Five of the group's 18 vessels are out of work. There are several serious short-term contract negotiations under way but—if won—they are barely expected to cover operating costs.

"At best, we'll manage to stay on level with last year's

Sharp gain in North Sea investment seen

result," one official says candidly. The worst case scenario remains unspoken.

To hear Mr Ericsson speak, one would think that Consafe is headed for nothing but blue skies and fair sailing in 1986 and 1987. "Right now the environment is really tough but even with 38 per cent of our fleet laid up we're still making money.

"We've already signed four new contracts for 1986 at almost double today's rates," he says. "We see more drilling activity around the world and in the North Sea alone next year investment is expected to pick up by 40 per cent to $11.5bn. I think we'll exceed 86 per cent capacity utilisation next year and that's as high as our peak in 1983."

As Mr Ericsson himself notes: "The fascinating thing about this business is that it can change so drastically."

TECHNOLOGY

EDITED BY ALAN CANE

LOW COST ANSWER TO COMPUTER AIDED DESIGN HARDWARE

One giant board is the big secret

BY PETER MARSH

A SMALL British company is attempting to compete with several U.S. computer giants in offering hardware for running programs in computer-aided design (CAD).

Whitechapel Computer Works based in east London, sold its first product eight months ago and has a staff of 60. It is offering a computer powerful enough to run CAD and other complicated programs (for instance for scientific applications) for $8,000 to $11,000.

This is roughly half the price of comparable machines from rival U.S. manufacturers such as Sun Microsystems, Apollo and Hewlett-Packard.

Computers for CAD have to work extremely quickly and to store massive amounts of information. This is so that the machines can do complicated operations with graphics—for example to portray on a screen a 3-D representation of a chemical plant, while at the same time making the image appear to turn away from the viewer to give a different perspective.

In recent years, the performance of relatively cheap computers has increased at a remarkable rate, to the extent that machines of $20,000 to $30,000 have enough processing and storage capacity to do jobs previously managed only by machines costing many times more.

One result is that the market for CAD has grown rapidly, with more companies in areas such as mechanical engineering finding they can afford the cost of computer systems for design. Industry estimates put the total worth of CAD software and hardware sold last year at about $3bn.

The main beneficiaries have been a mixture of U.S. hardware and software suppliers which often arrange to sell a particular kind of computer with a specific kind of CAD software. For instance, Computervision, one of the leading CAD companies, sells systems based on machines made by companies such as IBM and Sun.

The Calma division of General Electric has a similar agreement under which it sells CAD systems based on Apollo machines. Other types of computers generally used in CAD sell for anything from $20,000 upwards and include machines made by DEC, Data General and Prime—though in recent years companies have started to sell relatively rudimentary forms of CAD software that can run on IBM personal computers costing a few thousand dollars.

Roger Taylor

Mike Cole, Tim Eccles and Bob Newman with the Whitechapel CAD workstation.

Whitechapel, which is backed by $1.2m from venture-capital groups, hopes to succeed by signing deals with relatively small software houses which agree to sell CAD systems based on Whitechapel machines.

Among the software companies with which Whitechapel has sales agreements are U.S.-owned Aarque and Pafec, based in Nottingham, which sells a draughting and design system called DOGS. Other companies with a similar relationship include Cascom of Thame, Oxfordshire, which sells a computer system for the design of electronic circuits, and Radan, a company started by academics from Bath University.

Whitechapel is producing 60 computers a month, with most of the manufacture done by subcontractors, and so far has sold about 170. Besides CAD companies, Whitechapel has sold machines to academic and research organisations which need powerful hardware for scientific studies, for example work in artificial intelligence.

Mr Tim Eccles, Whitechapel's managing director whose previous employers include Northern Telecom (in California) and Rank Xerox, says two factors are behind the low price of the machine. First, the company bases its design on one, large printed-circuit board, measuring 16 inches by 18 inches, roughly three times the size of conventional boards.

As a result, packaging costs are cut compared with the three- or four-board arrangement that might be the norm for comparable computers. The fibre-glass boards used in Whitechapel computers cost about $1,000 each. The company can obtain them only from suppliers in Belgium or Switzerland.

Second, says Eccles, the company uses the latest integrated circuits that pack a lot of electronic components in a small space, cutting the number of chips in the computer to about 300. The most important part of the computer is a three-chip 32-bit microprocessor made by National Semiconductor.

Mr Eccles, 38, says the Whitechapel machine falls into the category of what, in industry jargon, is known as a "4m computer." This is on account of its performance in four key areas. It works very quickly, processing a million instructions a second. The screen has a high resolution, displaying 1m picture elements (pixels)—five to 10 times as many as an ordinary microcomputer.

The computer can, so Whitechapel claims, link up to others via an Ethernet network in which it can exchange data at 10m bits a second. Finally, it can store on chips inside the machine up to 1m bytes of information (roughly equivalent to the information in a hefty novel), a capacity that can be extended to 8m bytes.

Mr Eccles says that the company plans to enter the U.S. market for computers later this year—it already has a small office in California. "The U.S. is the place where people are putting on the interesting software."

Whitechapel completed the design for its computer only a little over a year ago. Banks initially showed little interest in backing the enterprise.

After securing initial investment from the Greater London Enterprise Board, the company (whose six founders, including Mr Eccles, all worked for Logica, one of the UK's leading software houses) obtained additional backing from Baillia Gifford and Newmarket, two investment trusts.

Whether Whitechapel has enough strength to tackle the American giants remains to be seen. Representatives from the U.S. rivals pay their respects to the British company but view the future for the company with some scepticism.

"A company has got to offer a lot more than a promising machine—a servicing network for example," said a manager from Apollo last week. "As well as building a machine, Whitechapel has got to build a company."

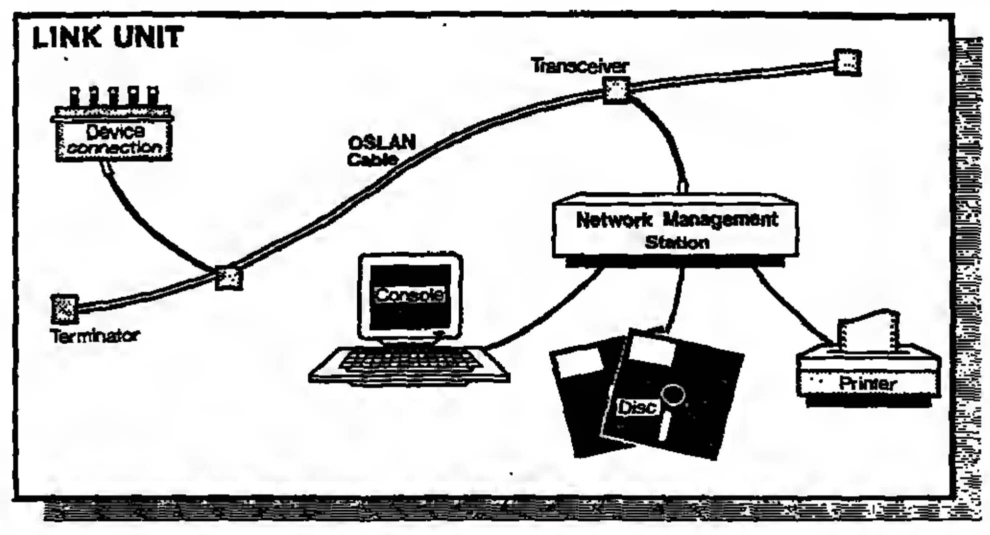
"We'd like to know how Whitechapel does it (achieve its low price)," said a representative of Sun Microsystems. "We could chip away at our machine to cut costs but we think it would reduce the performance below what the customer would accept."

Besides selling to CAD suppliers, Whitechapel hopes it can find a niche in the market of high-power scientific work stations. The company has sold machines to about a dozen research institutes in the UK, for example the universities of Edinburgh, York, Kent, Essex and Glasgow and Queen Mary College and University College in London.

MOVE IN OPEN STANDARDS

ICL's OSNET will connect devices from any maker

BY GEOFFREY CHARLISH



How ICL attaches peripheral devices to its OSLAN network.

INTERNATIONAL Computers (ICL) has taken the plunge and introduced an open systems networking system in advance of finalisation of standards by the International Standards Organisation (ISO).

The purpose of "open systems interworking," or OSI, is to allow any make of terminal, computer, storage unit or other digital device to be connected to a network so that any user can communicate comprehensively with any other.

Many vendors are attempting to embrace the ISO "seven layer" model (this page, March 21) and there are already standards or draft standards in the so called "lower levels" of the model—those that deal with physical movement of digits between devices.

ICL is one of the few companies to incorporate level four, which guarantees the secure movement of files from point to point across a network. Its new system, OSNET 100, is a step forward from OSLAN announced last year—a local area network which only interconnects devices that conform to the necessary ISO standards.

With OSNET, ICL can accommodate devices from any maker, whatever standards they use. The required protocol conversion takes place in newly-developed open systems link units (OSLUs) which plug into OSLAN cable. Each of these allows up to eight devices such as terminals, mainframes or PCs to be connected to the cable, working at speeds up to 19,200 bits per second.

OSLUs can be connected with no interruption to service using a cheap "bee-sting" connector which clamps on to the OSLAN cable while the system is running. The cable can connect over several kilometres in linked segments of 500 metres and can support OSLUs at intervals of 2.5 metres if necessary.

OSNET 100 is a managed network. Management decisions about which terminals may address which computer for example, are made at a screen and keyboard unit. This is connected to tha cable via a "network management system," or NMS, with its own processor and disk storage. The manager responsible is presented with a simple menu from which available services can be allocated.

OSNET 100 software resides in both OSLU and NMS. The former handles such tasks as protocol conversion and terminal interfacing. The NMS controls the running of the network and can load software into the OSLUs to specify which parts of the network are accessible from each device.

All non-ISO asynchronous devices like microcomputers can be connected (including the IBM PC), whatever variations of transmission they employ, together with devices using the ICL synchronous transmission protocols.

By the end of this year ICL plans to embrace X25 packet switching interconnection and will offer SNA during 1986.

Thus ICL joins two major companies, General Motors and Philips, that have recently announced OSI-like networks.

The GM system, called manufacturing automation protocol (Map) is also an open network, for which support has been declared by many major user companies including Boeing, Kodak, Dupont, Ford and McDonnell Douglas. Vendor backers include ATandT, Allen Bradley, DEC, GE (U.S.), Intel and Motorola.

Philips has been developing Sophomation for nearly two years. This is a local and international wide area approach involving large amounts of protocol conversion at network nodes (interconnection points). Lloyds Bank International and Belgian Railways have bought systems.

Energy

Electricity monitor on-site

AN ELECTRICITY board based in Nottingham is to instal 17 energy-monitoring systems in the premises of major customers.

Computers at the headquarters of East Midlands Electricity will automatically monitor use of electricity at the premises, as a result of data supplied over telephone lines.

According to the board, with the system customers will be able to take better advantage of special tariffs, matching their periods of maximum use with times when rates are relatively cheap. The computer hardware should also cut meter-reading costs for the board.

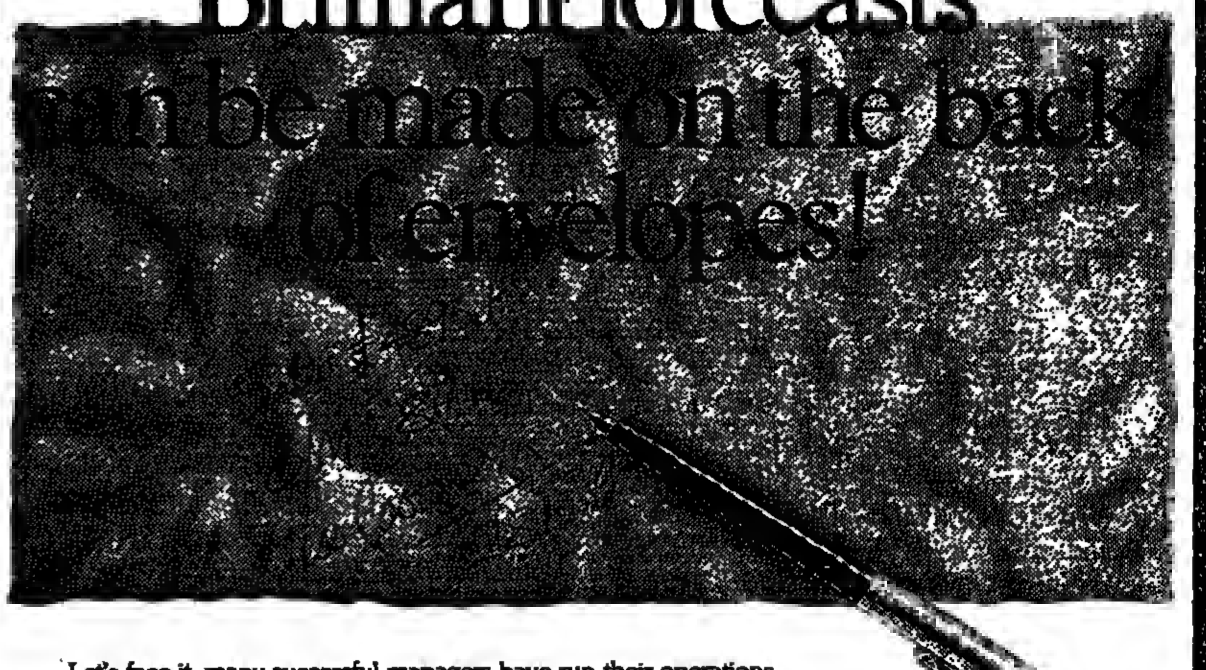
The system, called Metermate, was developed by Normalair-Garrett of Yeovil in conjunction with the electricity board.

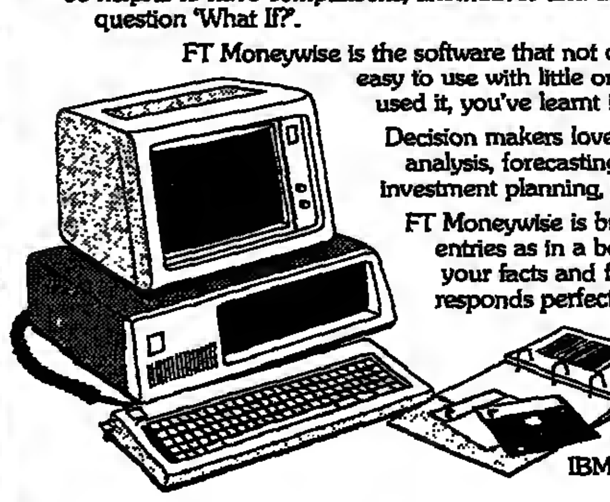
Semiconductors

Industrial controller family

MULLARD IS now able to supply volume quantities of the Intel 8051 8-bit industrial microcontroller. Implemented in an advanced two micron process, the chip offers enhanced architectural features including non-page orientated instructions, direct addressing, four eight bit register banks and a stack depth of up to 128 bytes.

Mullard is the only official alternative source for this industrial standard chip: the family designated MAB8051AH includes a ROMless version and a version with four kilobytes of read only memory and 128 bytes of read and write memory.





FRIEDLAND DOGGART GROUP PLC
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the twenty-second annual general meeting of Friedland Doggart Group PLC will be held at the Midland Hotel, Manchester on Wednesday, 24 April 1985 at 12.00 hours for the following purposes:

1. To receive and consider the report of the directors, the statement of accounts at 30 December 1984 and the auditors' report.
2. To confirm and declare dividends.
4. To re-appoint the auditors.
5. To authorise the directors to fix the audit fee.
6. To transact any other ordinary business of the company.

By Order of the Board
GEOFFREY GEORGE MOTTERSHEAD
Secretary

Reddish, Stockport, Cheshire SK5 6BP.
2 April, 1985.

THE SELF-HEATING FOOD CAN.

Further to the article "The can that heats its content" dated March 18th, in the Technology Page . . .

The concept of the SELF-HEATING CAN was originated, and its manufacturing licence is being commercialised by:

GITO S.A.
Parc Scientifique
11, Avenue Albert Einstein
1348 Louvain-La-Neuve
Tel: 010/41.06.86

Further information can be obtained at this address

UK COMPANY NEWS

Pearson surges 28% to record £99m

Pearson, the industrial, banking and pnblishing group, raised pre-tax profits by 28 per cent in 1984, from £77.4m to e record £99.4m.

The group, interests of which include the Financial Times, is declaring a final dividend of 11p, making the total for the year to 17p, against 14p last time. It is also to make a one-for-one scrip issue in view of the substantial rise in its share price.

The results were in line with market expectations, though Pearson's shares rose following the figures, to close last night at 718p, up 13p on the day.

Lord Blakenham, the chairman, said "the results show good growth all round." The group had said it would pursue a progressive dividend policy and the 1984 payment showed mean dividends bad grown at 15 par cent compound since 1980.

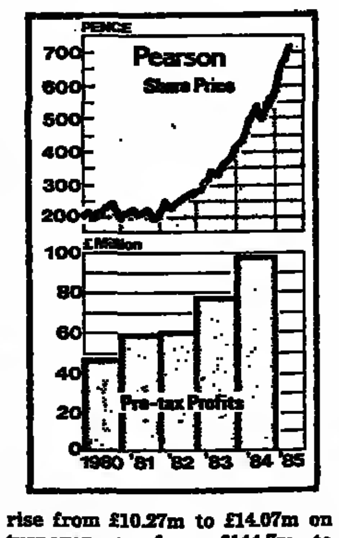
The figures show profits would bave topped £100m at the pre-tax level bad the group not changed the basis on whicb it translates profit and loss accounts in overseas currencies from year end rates to everage rates.

The effect of the change was to reduce 1984 pre-tax profits by about £3.5m. If the new basis bad applied in 1983, it would have clipped about £1.1m off profits.

Highar profits were recorded by all the operating divisions but the strongest performer was information and entertainment, wbich includes book pnblishers Penguin and Longman; the FT and the Westminster Press newspaper group; Goldcrest, the film nroduction company; and Madam Tussaud's.

The division's profits before interest rosa 30 per cent to £49.22m (£37.7m) on turnover of £406.3m (£346.6m). The figures for 1983 were depressed by e strike at the FT which cost some £6m in lost profits.

Lazord Brothers, the merchant banking subsidiary, pushed profits before central interest eharges up from £13.4m to £15.6m, with a strong second half. The group's engineering interests—grouped under Fairey Holdings and ranging from control systems to industrial filtration—saw pre-interest profits rise from £10.27m to £14.07m on turnover up from £144.7m to £162.6m.



The oil and fine ebina divisions both prodnced better results than had been expected at the halfway stage. The Royal Doulton china business produced pre-interest profits of £15.5m (£13.4m), while oil and oil servicces made £15.4m (£14.5m).

Group turnover was £843.2m (£730.4m). Net interest totalled £10.6m (£11.13m). Profits after tax and minorities totalled £54.1m (£41.9m) and there was an extraordinary net credit of £6.76m (£504,000 debit), whicb included profits on the sale of part of Pearson's stake in Reuters and Lazard's sale of its bolding in Datastream.

Earnings per share before extraordinary items totalled 57.83p (45.07p).

Lord Blakenham said the international nature of the group was underlined by the fect that two-thirds of profits now came from overseas operations and exports, wbile e restructuring of Lazard's activities during the year meant that about half of its profits now came from New York and Paris.

See Lex

Firm tea prices boost Eastern Produce

ON THE back of sustained firm tea prices Eastern Produce (Holdings) saw its profits before tax surge from £11.17m to £21.81m over the 12 months ended December 31 1984.

The directors warn, however, that a recent decline in prices, combined with the introduction of an export tax in Malawi, will adversely affect profitability in the current year.

Turnover for 1984 improved from £39.99m to £55.68m. The engineering and trading subsidiaries also produced good results.

Pre-tax profits took in an associates' share of £4.35m (£3.38m) and investment and other income of £791,000 (£380,000).

Interest charges were duced to £938,000 (£1.28m) but tax rose from £5.77m to £10.5m. Extraordinary items added £299,000 (£797,000).

Earnings per 50p share amounted to 97.8p (47.8p) pre-extraordinary items and on a net basis and a final dividend of 7.5p raises the total by 3.5p to 10p net.

Climatic conditions during 1984 were not favourable for planation interests but the directors point out that the first few months of 1985 have seen improvements.

The Lawrie Group and Eastern Produce have each subscribed a 50 per cent shareholding in E. P. Lawrie Agropecuria e Participacoes, a Brazilian company with an initial share capital equivalent to £4.8m.

E. P. Lawrie has signed conditional contracts to purchase land in Sao Paulo state for a consideration equivalent of approximately £3.3m.

● **comment**

Analysts did not need to gaze too deeply into the tea leaves yesterday for an explanation of the almost doubled pre-tax profits reported by Eastern Produce. The average London auction price for tee was over 70 per cent higher last year than in 1983, so the great bulk of the improved profit performance was elearly derived from plantations. Eastero is pressing ahead with its plans to develop more UK and agricultural interests but, in a year like 1984, everything pales beside tha cup of cha. At 393p, up 8p yesterday, the shares stand within a whisker of their 1984-85 high but still trade on a multiple of less than five times fully diluted earnings. Tea prices are admittedly weaker now than at any time since late 1983 but the rating does seem to reflect a rather pessimistic view of the future path of the tea price.

Custom built systems growth for Logica

AGAINST A background of major growth in customs built systems, Logica lifted taxable profits from £1.82m to £2.15m in the opening six months on sales ahead by £7.54m at £37.55m.

The dividend for the half year to end 1984 is unchanged at 0.35p per share. In the last full year the group—a computer software and hardware producer—paid a total of 1p from pre-tax profits at £5.22m on £72.55m sales.

Interim earnings per share are quoted at 3.5p against 3.2p after tax of £976,000 (£23,000 amended). Minority interests came to £51,000 (£26,000).

The directors say that the consultancy service attracted a number of "prestigious" new clients.

International trade in software products/systems kernals increased significantly. In the UK and overseas, Logica launched ON/2, a retail financial transaction processing system, which runs on Straus continuous processing computers.

A major campaign to market the products direct to end-users is underway.

Logica also announced that it has agreed to purchase from Data Management SFA a 50 per cent share in General Systems SPA, an Italian software and systems company, for L1.39bn (around £600,000). The company will trade as Logica General Systems.

● **comment**

Logica's performance appears to bave become distinctly seasonal, with the first half worse than the second. Although the interim pre-tax was £1m ahead of analysts' forecasts it was not enough to shift sentiment and the shares slipped 14p to 278p, very close to the 1984-85 low. The group has developed a number of successful products. Its Logica VTS manufacturing office automation market with the recent launch of an image printing system. In the U.S. software to enable IBM micro's to communicate readily with each other and mainframes bes e potentially enormous market. But for the time being start-up costs in the U.S. are burting and Logica Inc. has reported a £1m loss. However, the computer trade press are reporting almost weekly that the group has won software orders in the £1m to £1m range and the market expects the group to surpass its 1983-84 profit this year to reach £7m dropping the prospective p/e to 23.

N. America continues to bolster Pritchard

CONTRIBUTING 62 per cent of group turnover and 44 per cent of operating profit, North America continues in its place as the major profit contributor at Pritchard Services Group, says Mr Peter Pritchard, chairman.

Total pre-tax profits moved ahead by £2.25m to a record £15.62m for 1984, on turnover 38 per cent ahead at £446.59m, against £324.63m.

Commenting on prospects he says the group is in a phase of consolidation and priorities continue towards achieving a "good measure" of overall organic growth.

The final dividend has been lifted from 2.5p to 2.7p which raises the total from 3.5p to 3.8p. Earnings per 25p share are shown as rising from 9.02p to 9.75p.

Group activities include building maintenance and hospital support services, home health care, estering and vending, and security and textile rental.

Mr Pritchard says that returns are still too low, in North America, but he believes this market offers real growth opportunities.

"In North American hospital services we occupy a elear number two position in the market; our operating profits increased significantly and the widening scope of services offered will enable this year's achievements to continue," he says.

Home health care represents 15 per cent of North American turnover. In the U.S. the 1985 market is estimated to be worth $?bn and is "growing well."

North American building maintenance and operating profit bave grown both organically and with the integration of two acquisitions. Catering and vending progress fell short of expectations, says Mr Pritchard.

In UK hospital support services the groups gained a significant proportion of new tenders, valued at more than £10m, and Mr Pritchard anticipates that margins will progressively improve. However, he says that the UK municipal services market has been "disappointing."

● **comment**

Pritchard's shares have underperformed the market for the best part of the last two years, partly because the whole whole sector has lost its earlier glamour image, but mainly because Pritchard has pushed a great deal of stock onto the market to fund its aggressive acquisition policy. The indigestion has been acute. Yet the price has now got to the point where the downside, against the market, is negligible, and the rating shonld start to improve as the group's major drive into the U.S. is rewarded in hard priofits. U.S. profits are still lagging because of the heavy costs of developing the health care business and high borrowing charges with little return in the way of immediate income. hTe health side in the UK is progressing well enough, hut again it could be a year or two before shareholders see the notentional turned into profits. With encouraging nrospects both sides of the Atlantie a p/e of 9.6 at 94p is not demanding.

Stag cuts dividend as profits slump

A disappointing year at Stag Furniture Hodings has seen nrofits before tax fall from £1.91m to £607,000, and the total dividend reduced from 5.25p to 2.75p per share.

The decline, foreshadowed at the interim stage when profits dropped by £674,000 to £361,000, was the result of difficult trading conditions and a continnation of losses at Yatton Distributors. Production has now ceased at Yatton's Avalon factory. Closure costs incurred here accounted for the bulk of the extraordinary debit of £1.98m (nil), which also took in a full provision for the merger costs of Stag Cabinet with Yatton.

Mr P. V. Radford, the chairman, says that "after taking account of the underlying financial strength of the company and the stops already taken to restore profitability," the final dividend will be cut from 3.5p to 1p per share. After the extraordinary item, losses per share are s hown as 22.4p (12.2p earnings).

The chairman goes on to say that the "painful and costly" reorganisation will produce a "leaner and more effective company." The current year will be one of consolidation — trading remains competitive, though the group trade profitably in the first quarter.

Turnover of this furniture manufacturer forthe 52-week period to December 28, 1984 declined from £36.95m to £34.77m.

Mercury sells 29% stake as Wrightson makes £14m

Mercury Securities, the parent company of merchant bankers S. G. Warburg, yesterday disposed of its 29.3 per cent shareholding in insurance broker Stewart Krightson Holdings for just under £37m with a placing among a wide range of institutional investors at a nrice of 575p per share.

The price per share was ex the final dividend of 18p—up 20 per cent from 15p—which Stewart Wrightson announced along with its results for 1984. These show e 29 per cent pre-tax profit leap from £10.74m to £13.83m.

Mercury aequired its shareholding as far back as 1972 when it sold its then insurance broking activities to Stewart Wrightson. Since then the Mecury has changed its direction for developmeent, concentrating on expanding its international banking and securities operations. The holding had becomo more in the nature of a trade investment, hence the decision to dispose of the shares.

However, Mercury had e long term understanding with Stewart Wrightson not to dispose of its sharebolding without the agreement of tbe Stewart Wrigbtson board.

There have been talks between Stewart Wrigbtson and varioua other companies regarding mergers or takeovars, and the Mercury bolding would make a useful platform in a bid for Stewart Wrightson. Mercury consulted with the Stewart Wrightaon board as to whether it wanted to become part of a larger organisation, but the board felt that it was in the best interests of shareholders to remain independent. The sbareholding was therefore widely pleced.

In 1984 after tax profits from Stewart Wrightson rose by more tban 40 per cent from £5.82m to £8.31m, aided by o reduction in UK corporation tax rate.

The 1984 results incinded a full year's contribution from Golding Stewart Wrightson, the reinsurance broking subsidiary formed following the acquisition in August 1983 of Arbuthnot Insurance Services and its principel subsidiary Golding Collins. Allowing for tbis feature, pre-tax profits on a comparable basis rose 13.1 per cent and earnings per share by 27.1 per cent.

Profits from the insurance broking operations increased by 37.5 per cent to £11.7m. Brokerage income of tbe subsidiories rose by 17.3 per cent, while expenses climbed by 15.4 per cent. After adjustment end allowing for currency cbenges the underlying trend showed a 6 per cent rise in brokerage income, wordwide and 9 per cent in expenses. The climb in expense reflects the increase in staff numbers to prepare for tbe greater volume of business following the reorganisation.

● **comment**

The results from Stewert Wrightson are in line with overall expectations, though the profit mixe was somewhat different. Tbe morket was looking for a higher contribution from the insurance broking activities and the better than expected profits from the U.S. insurance company came as a surprise. Tha company is now seeing the benefits of the reorgenisation within the group which bas taken place in recent years. But now that the loss making operations heve gone and the group has brought order into its credit control, further improvements in profitability can be expected this year, fuelled by the surge in premium rate increase in hte U.S. market. The new Netional Insurance contribution rate will eost the group some £300,000 in a full year—not a great burden. The placing b Mercury Securities of its stake in Stewart Wrightson among institutional investors hes removed aoy immediate threat of a predator and should enable the group to make long term decisions without fear of the sbort term impact. Nevertheless, the placing ata a substantial discount lead to the share price dropning 13p to 599p giving e p/e of 15.3 on 1985's earnings.

BSG benefits from rights issue

A DOWNTURN by BSG International's manufacturing activities during 1984 was offset by an improved performance by the vehicle distribntion operations and a reduction in interest charges.

This left group pre-tax profits £938,000 ahead et £4.21m and as forecast last May at the time of the £10.75m rights issue the dividend for the year is being maintained at 1p net on the enlarged share capital by a final of 0.65p.

Interest charges fell by £843,000 to £3.36m of which some £600,000 of the declina related to interest savings as a result of the rights issue.

Tha current yaar's trading will benefit in full from the interest savings following bte issue. Management eccounts for the first two months indicate an improvement over tha same period of 1984.

Registrations for new cars in the UK totalled 1.75m, a slight reduction compared with 1983's record figures. Competition contínned to be severe but nonetheless, vehicle distribution margins sbowed some improvement. Trading profits of this activity moved ahead from £3.2m to £3.94m.

Manufacturing operations returned trading profits of £3.62m, against a previous £4.27m. This side of the group's business suffered from the effects of the six weeks strike at Ford UK in November and December — the cost of this dispute in terms of lost profit was estimated by the directors at £500,000.

Disputes at tbe Austin Rover Group and npheavals associated with pbasing out several of their key models also had an adverse effect on profits.

Overall, group turnover advanced from £288.3m to £301.5m.

● **comment**

BSG International is still atruggling. Tbe £1m increase in pre-tax profits looks good enough on the face of it—but £540,000 of the improvement bas been achieved by lower interest charges, a direct result of the one-for-one rights issue in May. Surprisingly, the vehicle distribution side had a very respectable year in a difficult market with a strong increase in trading margins. But the manufacturing operations suffered from industrial disruption at Austin Rover and the six week strike at Ford wbich wiped £0.5m off profits. Meanwhile, the losses in Fraoce continue, clearly absorbing e disproportionate amount of management time. The shares, unchanged at 25p, have at last moved far enough from the 17p rights issue price for the underwriters to sell the stock they were left with. If the group menages £5m pre-tax this year then the shares chance hands on a multiple of nearly 11, assuming a 40 per cent tax cbarge.

Aaronson cash call to cut debt

BY STEFAN WAGSTYL

Aaronson Brothers, the chipboard maker, is raising £5.5m via a one-for-four rights issue to belp cut its borrowings.

The rights shares are being offered at 82p each, against a closing market price yesterday of 97p, down 2p.

Aaronson says the new funds will create a strooger capital base and allow further expansioo of activities and product ranges, whicb include laminated and veneered boards supplied to DIY stores, furniture manufacturers and sbop fitters.

The company recovered strongly from the recession to achieve profits of £3.8m on sales of £89m for the year to last September. Borrowings at that date were put at £10.1m.

Aaronson is also cutting back its interests in Union Veneers, a joint venture formed in 1965 with Union's chairman, Mr R. Landes.

There have been conflicts of interests, says Aaronson, between Union and its wbolly-owned veneer making subsidiary, Brine Veneer Mills, acquired in 1978. There bave also been problems in drawing appropriate dividends from Union.

Under a reorganisation scbeme, Aaronsoo will receive o £1.9m once-off dividend from Union. In return it will make a £1.4m loan repayable over six years and will give up its rigbts to ordinary dividends in future.

While Aaronson's interest in Union will stay at just over 50 per cent, it will oo longer be eotitled to appoint directors and will not consolidate its results in the group accounts.

Aaronson is writing-off £650,000 this year as a resulr of the reorganisation, but says that group liquidity will be improved by the Union dividend end interest payments.

UK COMPANY NEWS

Christies over £17m in 'exceptional year' for art

Christies International, the auctioneer, nearly doubled its pre-tax profits in 1984 from £9.74m to £17.23m with the international art market experiencing an "exceptional year."

The dividend is being raised from 8.5p to 11p per share with an increase of 2p in the final payment to 8p. Earnings rose from 21.47p to 38.48p.

A one-for-one scrip issue is proposed.

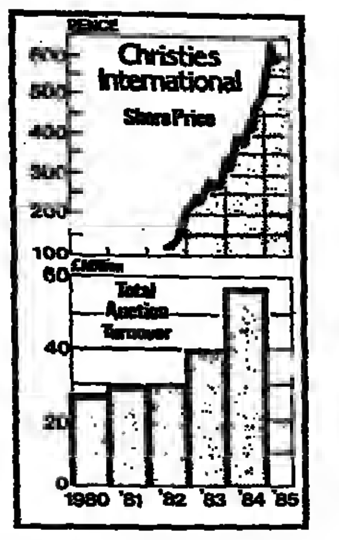
Auction prices moved ahead on all fronts and resulted in a 43 per cent increase in sales over the previous year to a record £373m, says Mr J. A. Floyd, the chairman.

"All our salerooms benefited," he says, "from the improvement and Geneva after a dull first half had a successful autumn season."

At £63.8m turnover increased by 38.3 per cent on 1983, generating operating profits of £15.97m (£9.18m).

The chairman says that the last two years have seen tremendous growth in the international art market. "Undoubtedly the high point in 1984 was the disposal of 71 old master drawings from the Chatsworth collection in July. The total sale of £21m exceeded the most optimistic estimate," he says.

The practice of operating from two-tier salerooms in both London and New York has proved "successful." In addition Christies has formed a company in Monaco and opened new offices in Hong Kong, Tokyo and Tel Aviv.



Plans for doubling the size of the Park Avenue saleroom in New York will involve an expenditure of £10m. Building work is proceeding and the first sale in the new saleroom is scheduled for early May.

On prospects, Mr Floyd says that prices for international art like any market can fluctuate as many factors influence demand, not least changing exchange rates. But he is confident that results for 1985 will again be satisfactory.

Retained profits for 1984 came out at £6.68m (£3.29m), after tax of £9.3m (£5.28m), extraordinary credits of £1.05m (£639,000), and dividends.

● comment

These results might give the impressino that record years like record auction room prices have become almost commonplace at Christie's International. Even the exceptional sales which used to be as rare as Rembrandts seem to be more frequent — indeed last year's highlight, the £21m Chatsworth drawings collection, could be matched this year by next month's auction of Old Masters in New York. However, as this conservatively-managed company is the first to point out, the international art market is enormously volatile — conditions could easily change. In particular, 1985 is unlikely to benefit from exchange rate gains which added £1.5m to last year's pre-tax profit. Nevertheless, everything points to another strong year — perhaps taking the company to £20m pre-tax. U.S. sales, which exceeded the UK for only the second time last year, are likely to gain from the extension of te New York premises, clear recognition of the great importance of the American market. No surprise then that Christie's fetches a good price in the stock market — at 608p np 12p, the shares trade ona prospective multiple of 12½, assuming a 50 per cent tax charge.

Recovery continues at Empire Stores as profits double

Empire Stores (Bradford) continued its improvement in the year to January 26 1985, by more than doubling pre-tax profits to £3.09m. In 1983-84 this catalogue mail order group returned to the black with profits of £1.52m, after incurring losses of £1.13m the year previously.

A final 2p (1.25p) dividend is proposed, making a total for the year of 2.5p (1.25p). Stated earnings per 25p share are shown as 5.97p (5.06p).

Following the further progress towards profits recovery during the past year, the directors expect that, subject to unforeseen circumstances, there will be a further "marked improvement" in the current year.

For the year under review turnover improved by just 1.9 per cent, to £156.52m (£153.64m). The directors say that sales from the autumn/winter catalogue were disappointing, and that the trend continued into the beginning of the new season.

The situation is now improving, however, led by a strong recovery from the fashion section of the catalogue. The directors add that the telephone ordering and home delivery facilities maintained a high standard of service during the year.

The group's operating profit amounted to £4.21m (£2.83m). The pre-tax figure was struck after interest charges of £1.15m (£1.36m), and a tax repayment supplement of £24,000 (£49,000).

Tax took £881,000 (£128,000 credit).

● comment

The miners' strike has caused problems for the Bradford-based Empire Stores. Many of its agents were strikers' wives and unable to maintain mail order sales in their communities. The failure of a young fashino line plus a tougher policy on bad debts (the company never specifies the extent of these) also contributed to the virtual standstill in turnover. With a historic multiple of just under 17 and dividend yield of 3.6 per cent, the group seems rightly rated at 100 up 2p — the small rise refleting the pre-tax gain which was appreciably bigger than expected. In the next year the group is hoping that both its Italian and Dutch connections (two Italian family run retailers have together taken 20 per cent of the shares and have a seat on the board, Vendex the major Dutch retailer has a 14.3 per cent holding and two seats) will begin to show in improved marketing ad promotional activities. For 1985 a prospective multiple of around 13 on earnings of 7.7p per share is forecast by analysts.

All-round improvement lifts Brammer to £10m

IN SPITE of "very tough competition" all principal operating companies within Brammer performed well during 1984 and enabled the group to lift its profits before tax from £6.87m to arecord £10.17m over the 12 months.

Results in the UK, Western Europe and the U.S. showed substantial improvements.

The directors intend to expand the group's product and market base in this country and in the U.S. They will also continue to seek investment opportunities to broaden the group in'o compatible areas where they can exploit its strengths and enhance the growth and development of Brammer business.

Turnover for 1984 improved from £67.53m to £86.54m and operating profits pushed ahead by £3.39m to £9.94m after deducting distribution costs of £11.05m (£8.16m) and similar administration expensess of £7.95m (£7.19m).

Earnings per 20p share increased by 53 per cent to 20.4p (13.3p) and a final dividend of 5.25p makes a net total of 7.75p, against a previous 6.2p. The rise here reflects the directors' confidence in the future growth and prosperity of the group.

Brammer, based in Cheshire, is engaged in the distribution of bearings, power transmission products, machine tool spindles and accessories, electrical connectors and electronic components and speciality drive belts.

The UK and Western Europe accounted for £8.64m (£6.28m) of operating profits and the U.S. for £1.31m (£276,000).

● comment

Brammer has at last climbed above the £5m-£7m pre-tax profit plateau where it has been resting since 1978. It probably got moving only just in time to avoid the predatory interest of the acquisitive Bunzl which clearly found Brammer too expensive at 300p and more. It might have been a different story at below 150p, where Brammer shares traded early last year. The strongest performance has come from the U.S. businesses, which have recovered sharply to increase operating profits more than four fold. But both in the UK and the U.S. Brammer has shown the gains which a company with large fixed overheads can generate from volume increases. The outlook for 1985 is of solid rather than spectacular progress —the electronic distribution operation, expanded by the UEH acquisition, is expected to have a dull year. Brammer, with £9m net cash in the balance sheet, is also looking for acquisitions in distribution and in related activities such as service and maintenance. After their strong rerating, the shares, up 2p to 306p, are well up with events — assuming full year profits of £11.5m pre-tax and a 40 per cent tax charge they trade on a multiple of 13.

Television Services ahead

Record taxable profits of £520,000, against £340,000, were achieved in 1984 by Television Services International, the USM quoted television, video and film production group.

The dividend is in effect being doubled from 0.5p to 1p per 50p share. Stated earnings rose from 3.46p to 6.22p.

Profits were attained on turnover ahead at £4.4m, compared with £2.2m.

Mr Andrew Lee, the chairman, says that overheads have been reduced at Molinare, the facilities group acquired for £2.1m in February this year. "Molinare is now set to rapidly reverse its loss-making record and produce a useful contribution to 1985 group profits," he says. a

Group prospects for the current yar look promising, he says

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—A. B. Electronic Products, A. Beckman, Bruntons (Musselburgh), London and Scottish Marine Oil.

Finals:—Amex, Associated British Ports, Beauford, Blockleys, Bodycote International, Cookson, Glynwed International, Guardian Royal Exchange, Higgs and Hill, I. and J. Hyman, Industrial Scotland Energy, London and Manchester, Albert Martin, Wm. Morrison Supermarkets, Newarthill, Portals, Porter Chadburn, Senior Engineering, Sun Alliance and London Insurance, Thurgar Bardex, Wankie Colliery, Weir Group.

FUTURE DATES

Interims:—	
Shore Drug Stores	Apr 16
UDO	Apr 12
Vaux Breweries	May 6
Finals:—	
Connells Estate Agents	Apr 11
Downiebrae	Apr 26
Etam	Apr 17
Fitch and Co Design Consultants	Apr 10
Henriques (Arthur)	June 26
Lec Refrigeration	Apr 11
MCO	Apr 16
Nimslo International	May 1
Steel Brothers	Apr 16
Travis and Arnold	Apr 15

UK COMPANY NEWS

Enlarged Evered has 465% profit surge

Evered Holdings, Surrey-based engineering group with interests also in garden furniture and rope making, saw its pre-tax profits surge from £609,000 to £3.44m in 1984, a 465 per cent increase.

Mr Raschid Abdullah, the chairman, says that the group underwent a major transformation during the year, following the £5.3m rights issue in March, and the acquisition of Brockhouse, a West Midlands engineering concern, in May. The "substantially increased" size and earnings potential of the group has only been partly reflected in the 1984 figures, he says.

At the time of the rights issue a 2.1p dividend for 1984 was forecast. In view of the results the directors are now proposing a 1.6p final, bringing the year's total to 2.3p (0.5p). Stated earnings per share jumped from 6.5p to 12.2p.

The start of the current year is encouraging, Mr Abdullah says, and the directors view the prospects with confidence. Their commitment to expand organically and by acquisition remains.

The chairman says that the acquisition of Brockhouse has given the group a broader spread of activities both in terms of product range and geographical location, with the result that the sole dependence upon the UK manufacturing base for profits has been eliminated.

Evered's main-stream businesses continued to show growth during 1984, with record profits being achieved from the original businesses and the Hawkins and Tipson group producing its first operating and pre-tax profits since 1980. Total group turnover expanded to £63.35m (£12.84m).

Group borrowings at end-1983 stood at 116 per cent of shareholders' funds. At end-1984 they were reduced to £11.1m, representing 49 per cent of shareholders' funds.

● **comment**

Evered's impressive figures show how tight management can turn the most staid engineering businesses round. The Abdullah formula is Hanson writ small: acquire a traditional rundown company, squeeze its overheads and watch the return on capital sales soar. Evered's figures take into account some eight months of trading from the latest, and largest acquisition so far, Brockhouse. This has given the group a much broader spread of business in terms of product range and in geography. Some 35 per cent of group operating profits are now dollar denominated, and the dependence on the UK manufacturing base has been cut. The next move is likely to be another major acquisition with the Abdullahs planning, a little ambitiously, to achieve £1bn sales for the group within the next four years. A purchase is likely to be funded by paper, but Evered points out that it should reduce borrowings to between 25 per cent and 30 per cent of shareholders' funds this year.

Wilson house sales rise despite market decline

Wilson (Connolly) Holdings increased its house sales by over 16 per cent to a record 2,100 in 1984 while the number of new dwellings started by the industry in the UK fell for the first time in five years.

Group pre-tax profits climbed from £13.23m to £15.84m with housing and contracts accounting for 94 per cent of the total.

Two weeks ago Barratt Developments, Britain's biggest housebuilder, reported a 3,850 drop in sales to 12,150 in 1984 and a £15m fall to £4.07m in taxable profits for the six months to December 31.

Wilson's shareholders are in line for an increased dividend total of 3p, against 2.475p, with the directors recommending a final of 2p. The distribution is covered seven-fold by earnings 20.7p (18.1p).

Mr L. A. Wilson, chairman of Wilson, again draws attention to the land supply problem. Prices in pressure areas, notably in the South East, have, he says, "reached levels which price the first time buyer out of the market."

He adds that County structure plans, many of which are due for imminent review, "are still failing to recognise the demand for new houses and it is alarming that the 20 already published advocate reductions in housing output from current levels, in some instances as much as 25 per cent."

The housing subsidiary, Wilson Homes, attained an average selling price of £29,400 for each unit.

Including 500 plots acquired with Chowne, the company ended 1984 with 10,200 plots, which is 900 more than at December 1983. Wilson's results for 1983 have been adjusted for the Chowne acquisition.

The construction side opened 1984 with a "weak" order book, but "we achieved our targets and entered 1985 with orders at a record level and at acceptable margins," says Mr Wilson.

A £2.4m contract has been secured for a factory and offices in the Wellingborough Enterprise Zone, which is scheduled for completion this year.

Total group turnover amounted to £76.78m (£62.5m) with £74m (£57.44m) attributable to housing and contracts. The tax charge was £6.7m (£5.27m), and after allowance for dividend payments the retained profit was higher at £7.78m (£6.87m).

● **comment**

To say that Wilson's figures are up to expectations states a bare fact but it hardly does justice to a profits improvement of 20 per cent from a company in a sector which is experiencing a sharp decline in the level of activity. Wilson's 17 per cent increase in house sales and steady 20 per cent profit margin must cause a few pained looks at Barratt. Over the last ten years the group's compound growth rate has been 27 per cent per annum, which testifies to the strong management within the group. The blot on the landscape is undoubtedly the property division which fell into the red but at least that looks capable of a recovery this year. Housebuilding is unlikely to be very bright—there is a limit to how far Wilson can buck the trend—but even so profits this year could reach over £18m pre-tax. Yet surprisingly the shares, at 190p, trade on a historic multiple of only 9.2. That could be because the whole sector is perceived as a problem one, but it seems a little harsh on Wilson.

Newman Inds. in £8.2m rights

BY IAN RODGER

Newman Industries, the diversified engineering group, is launching an £8.2m underwritten rights issue as part of a four point plant to simplify its financial structure and strengthen its balance-sheet.

The plan also involves the conversion of the £8.8m in convertible redeemable participating preference (CCRPP) shares into ordinary shares and o resumption of full dividends on the other preference shares.

The company, which had to be rescued with an £8.3m refinancing two years ago, has since enjoyed a sharp improvement in its profits. Two weeks ago, it reported pre-tax profits in 1984 of £5.4m.

The main problem with the existing financial structure is that the CCRPP shares, which are difficult to trade, account for most of the company's equity. Their seniority for dividends has also made it difficult to pay dividends on other classes of shares.

CCRPP shareholders were reluctant to convert their shares into ordinary shares because of the group's high borrowings. The proposed rights issue would raise £7.7m net and reduce Newman's capital gearing from 92 per cent to 56 per cent.

In the rights issue, holders of CCRPP end ordinary shares are being offered one new share at 26p for every three held on April 18. Holders of 47.6 per cent of the 89m CCRPP shares have agreed to exercise their rights and the balance has been underwritten by Morgan Grenfell.

Newman is proposing to pay an interim dividend of 0.3p on the old shares and the ordinary shares arising from convertion of the CCRPP shares. A final dividend of 0.5p will be paid on these and the new shares issued in the rights issue.

Holders of 57.8 per cent of the CCRPP shares have agreed to vote in favour of the conversion proposals. As part of tha proposals, CCRPP shareholders would also receive the fixed 0.5p dividend payable in respect of the first half of 1985. Meetings of holders of the various elasses of shareholders to approve the proposals will be held on April 25.

MINING NEWS

Northgate relieved by fall in $

BY KENNETH MARSTON, MINING EDITOR

THE RECENT falling-off in the value of the U.S. dollar will have been noted with some relief by the Canadian Northgate Exploration whose main business is the mining of gold and copper at its Chibougamau mines in Quebec.

The strength of the U.S. dollar has had a depressing effect on the metal prices in this currency. Because the Canadian dollar has not fallen so much against its U.S. counterpart as have most other currencies Northgate has not enjoyed the exchanger ate gains as have the Australians and South African mines for example.

Northgate had net income of C$2m (£1.2m) in 1984 against a loss in the previous year of C$9.9m. However, the company stayed out of the red last year with the aid of exceptional items, notabl the sale of part of its holding in the gold-producing Whim Creek Consolidated for C$9.2m.

At the same time Northgate bad to battle to reduce its bank debt, the cost of servicing which is eroding working capital. Still, long-term debt at the year-end had been olwered to U.S.$49m from U.S.$55m a year previously.

In the annual report the chairman, Mr Patrick Hughes, says that any improvement in earnings of mining operations apepars to be largely dependent on a decline in the U.S. dollar.

Meanwhile, the reduction of bank debts remains a priority and the failure to complete all of the sale of Whim Creek in 1984 as planned means that further alternative methods of debt reduction will have to be examined, he adds.

Lambert Howarth up 23% in firm shoe market

DESPITE PRESSURE on selling prices, Lambert Howarth Group was able to take advantage of a firm footwear market throughout most of 1984, and lifted pre-tax profits by 19 per cent to £1.57m on sales 23 per cent higher at £23.83m.

The directors attribute the group's progress to its success in promoting e modest swing towards higher value and more fashionable shoes. They say that there is little indication that the overall market for footwear in the UK will grow in the current year, but are confident that the group's emphasis on investment, productivity and design will enable it to respond rapidly to changes in fashion and market opportunity.

The profits and sales figures compare with £1.32m and £19.45m respectively last time, when the total dividend was the equivalent of 4.79p. A final of 4.25 in respect of 1984 increases the total to 5.75p. As in 1983, there is to be a one-for-five scrip issue.

Earnings per share are stated at an adjusted 23p (18.6p).

The tax charge was unchanged at £499,000, to leave attributable profits at £1.08m (£980,000), and the dividend will account for £269,000 (£220,000).

The directors say that the manufacturing division required a high level of investment in plant and machinery which was maintained throughout the year and will continue provided it achieves the levels of productivity that are necessary. When combined with other measures that are being taken to improve unit costs, and to strengthen the design team, this will help to ensure that the group continues to produce products that offer value for money to its customers, they say.

● **comment**

Life is not quite so difficult for footwear suppliers to Marks & Spencer as garment manufacturers, to judge by the latest figures from Lambert Howarth. M & S accounts for about half of sales and a similar amount of profits. Which may simply mean that other customers are as shrewd in their buying policies as M & S rather than any generosity on the part of Saint Michael. Anyway, the company had its black spots. The drift in sterling undermined the margins of its importing subsidiary, Global, so that some 20 per cent of sales produced virtually no profit. That should change this year but a generally sluggish UK market is going to prevent that recovery being turned into a sharp upturn in group profits this year. There should be some modest advance pre-tax but higher tax bills may mean the earnings line actually declines. So a p/e of 10 at 225p is not going to get the blood racing though the new management is not going to want to live with a stodgy earnings performance for long.

BASE LENDING RATES

A.B.N. Bank	13 %	Johnson Matthey Bkrs.	13½%
Allied Irish Bank	13½%	Knowsley & Co. Ltd.	14 %
Henry Ansbacher	13½%	Lloyds Bank	13 %
Amro Bank	13 %	Edward Manson & Co.	14 %
Associates Cap. Corp.	14 %	Meghraj & Sons Ltd.	13½%
Banco de Bilbao	13½%	Midland Bank	13½%
Bank Hapoalim	13 %	■ Morgan Grenfell	13 %
BCCI	13½%	Mount-Credit Corp. Ltd.	13½%
Bank of Ireland	13½%	National Bk. of Kuwait	13½%
Bank of Cyprus	13 %	National Girobank	13½%
Bank of India	13½%	National Westminster	13 %
Bank of Scotland	13½%	Northern Bank Ltd.	13½%
Banque Belge Ltd.	13½%	Norwich Gen. Trust	13½%
Barclays Bank	13½%	People's Tst. & Sv. Ltd.	14½%
Beneficial Trust Ltd.	14 %	Provincial Trust Ltd.	14½%
Brit. Bank of Mid. East	13 %	R. Raphael & Sons	13 %
■ Brown Shipley	13½%	P. S. Refson	13½%
CL Bank Nederland	13½%	Roxburghe Guarantee	13½%
Canada Perm'nt Mtge	13 %	Royal Bank of Scotland	13 %
Cayzer Ltd.	13½%	Royal Trust Co Canada	13 %
Cedar Holdings	14 %	■ J. Henry Schroder Wagg	13 %
■ Charterhouse Japhet	13 %	Standard Chartered	‖13½%
Choulartons**		TCB	13½%
Citibank NA	13 %	Trustee Savings Bank	13½%
Citibank Savings	¶12½%	United Bank of Kuwait	13 %
Clydesdale Bank	13½%	United Mizrahi Bank	13 %
C. E. Coates & Co. Ltd.	14 %	Westpac Banking Corp.	13½%
Comm. Bk. N. East	13 %	Whiteaway Laidlaw	14 %
Consolidated Credits	13½%	Williams & Glyn's	13 %
Co-operative Bank	13 %	Wintrust Secs. Ltd.	13½%
The Cyprus Popular Bk.	13 %	Yorkshire Bank	13 %
Dunbar & Co. Ltd.	13½%		
Duncan Lawrie	13½%		
E. T. Trust	14½%		
Exeter Trust Ltd	13½%		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14 %		
■ Robert Fleming & Co.	13½%		
Robert Fraser & Ptns.	14 %		
Grindlays Bank	‡13 %		
■ Guinness Mahon	13 %		
■ Hambros Bank	13½%		
Heritable & Gen. Trust	13½%		
■ Hill Samuel	§13½%		
C. Hoare & Co.	†13½%		
Hongkong & Shanghai	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1 month 10.75%. Fixed rate 12 months £2,500 10.75%. £10,000 12 months 11.00%.
† 7-day deposits on sums of under £2,000 10½%. £2,000 up to £10,000 11¼%. £10,000 up to £50,000 11¾%. £50,000 and over 12%.
‡ Call deposits £1,000 and over 10%.
‖ 21-day deposits over £1,000 11½%.
¶ Mortgage base rate.
§ demand deposits 10½%.
** See Provincial Trust Ltd.

UK COMPANY NEWS

LMI launches £45m 'unwelcome' bid for Allied Textile group

BY ALEXANDER NICOLL

London & Midland Industrials, an industrial holding company which recently lost a long battle for Hoskins & Horton, yesterday launched a much larger £44.5m bid for Allied Textile Companies, Huddersfield-based textile and investment group.

ATC, caught by surprise on the day of its annual shareholders' meeting, termed the offer "wholly unwelcome" and said it would produce a considered reaction within the next few days.

Meanwhile it advised shareholders to take no actioo and Mr Russell Smith, chairman, expressed eneouragement that the company's share price yesterday rose well ebove the bid price.

LMI moved immediately after ecquiring a 13.3 per eent stake in ATC, mostly from investment clients of Henry Ansbacher, the merchant bank. It boped to secure the agreement of the ATC board to its offer, bnt ATC's response yesterday appeared to render this unlikely.

ATC makes bigh quality worsted cloths aod yarns through subsidieries such as Moxon and Reid & Taylor. It has a range of other specialist textile businesses, ineluding fabrics for defence and automotive uses.

Mr Bill Beddow, LMI chairman, said the specialised neture of ATC's textile businesses fitted his company's criteria.

ATC's balance aheet would, if acquired, enable LMI to eliminate gearing and to make other acquisitions, especially in the U.S., Mr Beddow said.

Its rapid acquisitioo policy was seen most dramatically in 1979, when it bid for the industrial group Caledonian Holdings one day after dealings in the target's shares began. That bid failed, but other purchases have included seven subsidiaries of Johnson and Firth Brown.

Terms of the bid for ATC are 14.3 LMI shares for five ATC (or 13 for five after a planned 1-for-10 scrip issue by ATC). LMI shares yesterday rose 2p to 189p, valuing its share offer at 540p per ATC share.

Morgan Grenfell, advisers to LMI, bas uoderwritten a cash alternanive at 170p per LMI share for up to 55 per cent of the LMI shares to whicb eaeh ATC sharebolder would become entitled nnder the offer. The value of the partial casb alternative works out at 511p per ATC share.

ATC shares, however, rose well above the value of both offers, closing up 140p yesterday at 570p. Shares of Hugh Mackay, e Durham carpet maker in which ATC has a 18.6 per cent stake, rose 6p to 92p.

Shareholders in ATC, whieb is being advised by S. G. Warburg, could acqnire np to 40 per cent of the expanded capital of LMI is the bid was successful.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arcolectric	0.4	May 23	0.4	0.65	0.4
Brammer	5.25	June 6	4.2	7.75	6.2
BSG Intl.	0.65†	July 1	0.65	1	1
Christies	8	May 23	6	11	8.5
Coates Brothers	3.2	July 1	2.8	4.6	3.8
Consultants (Computer)	0.15‡	—	0.42	0.25	0.6
Eastern Prodnee	7.5	June 10	5	10	6.5
Empire Stores'	2	July 1	1.25	2.5	1.25
Evered Hldgs.	1.6†	July 2	0.5	2.3	0.5
Johnston	5	July 5	4.5	7	6.5
Keep Trust	0.38	July 1	0.38	0.75	0.38
Kleinwort Benson Gilt	31	May 31	29.7	120.9	120.8
Kleinwort Sterling	5.1‖	June 30	4.02	5.1	4.02
Lambert Howarth	4.25	May 29	3.54*	5.75	4.79*
Logica ...int.	0.35	—	0.35	—	1
Macfarlane (Clansman)	2.48	May 23	2.2	4.32	3.87
Stanley Miller	Nil	—	1	Nil	1.6
New Court ...int.	4.13	June 3	4.13	—	14.25
Parambe	0.7	July 5	0.6	1.1	0.95
Pearson	11	May 31	9	17	14
Pritchard Servicees	2.7	July 1	2.5	3.8	3.5
Stag Furniture	1	May 24	3.5	2.75	5.25
Stewart Wrightson	13.8	July 1	11.15	18	15
Television Services	1‡	—	0.5¶	1	0.5¶
Tyzack Turner ...int.	1	—	Nil	—	2.4*
Wilson (Connolly)	2	July 2	1.6	3	2.48
Arthur Wood	3.5	May 22	3	3.5	3

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Adjusted per share consolidation. ‖ Gross throughout.

P & O in £29m joint venture with NY group

By Lynton McLain

Peninsular and Oriental Steam Navigation Company, the UK shipping group, is to set up a joint venture with the Overseas Shipholding group of New York. The effect will be to reduce P & O's direct exposure in the liquefied petroleum gas markets, assuming final agreement can be reached between the two groups.

An agreement in principle announced yesterday involves the acquisition by the New York group of a 50 per cent interest in P & O's liquefied petroleum gas (LPG) and chemical gas shipping business for $35m (£28.6m). The definitive agreement between P & O and the Overseas Shipbolding bas not been signed yet, but is likely to be signed "in the near future," Overseas Sbipbolding said in New York yesterday.

The proposed joint venture between P & O Overseas Shipholding is to be an "offshore" venture, said Sir Jeffrey Sterling, the chairman of P & O. The agreement was reached in the U.S. at the end of last week.

"This is a very positive move and another strategie step for P & O," Sir Jeffrey said yesterday. Under tbe joint venture, P & O would continue to be involved in an area, which, if it comes right "could be quite a money maker," be said.

P & O lifted its pre-tax profits from £56.66m in 1983 to £69.63m last year. Bulk shipping owned by the group produced a loss of £8.2m, compared witb a loss of £4.3m in 1983.

Sir Jeffrey said that the P & O group's LPG fleet of nine carriers "broke even" in the first quarter this year, an improved performance compared with 1984. The Overseas Shipholding group has one LPG earrier.

The value of the P & O LPG fleet was written down by £70m last year. The $35m from Overseas Shipbolding more than covered the book value of the LPG fleet, Sir Jeffrey said.

Details of Sedgwick acquisition

Sedgwick is acquiring from Transamerica Corporation all the outstanding common stock of Fred S. James in its proposed merger. It is acquiring all the issued share capital of Wigham Poland, the UK broker which forms part of James.

The consideration for the acquisition will comprise a number of new ordinary shares of 10p each and a number of new "A" restricted voting ordinary shares of 10p each of Sedgwick Group. These will represent 39 per cent of the enlarged equity of Sedgwick Group on completion of the transaction, and will carry 29 per cent of the votes of the enlarged equity of Sedgwick Group.

On the basis of the current issued share capital of Sedgwick Group, Transamerica would receive 73.621m new ordinary shares and 68.373m "A" shares.

An agreement will be entered into on completion of the transaction which will include restrictions on Transamerica's ability to increase its percentage holding of the voting rights or the equity of the Sedgwick Group. It will also restrict Transamerica's freedom to dispose of its shareholding in one block.

Except in certain specific circumstances, these restrictions will last for a period of at least four years and for a further period expiring six months after Transamerica is no longer represented on the board of Sedgwick Group.

Property deal gives EuroFerries 29.9% stake in Stockley

Stockley has acquired the bulk of European Ferries' UK property interests in a deal valned at £61.4m.

The UK property group is to pay for the interests by issuing new shares to European Ferries, best known for its Townsend Thoreson cross channel ferries operation. European Ferries will acquire a 44 per cent stake in Stockley's expanded share capital, represeoting 29.9 per cent of voting shares.

Stockley was set up in December 1983 by Mr Jacob Rothschild, the merchant banker, and two experienced property developers, Mr Stuart Lipton and Mr Elliott Beroerd. In January last year, it acquired Trust Securities, a property group wbieb ran into difficulties while developing a scienee and business park on a 400-acre site near Heathrow Airport and the M25.

The group is now running the project, named Stockley Park, which is estimated to cost around £200m.

Mr Michael Broke, Stockley's ehief executive, said the European Ferries' properties purchased included 16 under development in ccntral London and one in Canterhury. "These will all be generating cash in the near future while we wait for the Heathrow project to produce the goodies."

Mr Broke added thet European Ferries would be able to lend its experience of developing business parks in the U.S., notably in Denver and Atlanta. These extensive interests will be retained.

The moving force in European Ferries' U.S. property ioterests is Mr John Dick, a Canadian. Mr Dick, along with his associate Mr Bill Pauls, sold these properties to European Ferries in return for shares in a deal similar to the one anoounced yesterday. Mr Dick, a European Ferries director and major shareholder, is to join the Stockley board.

"It is a meeting of minds and management style," said European Ferries yesterday.

Under the deal, Stockley will issue 46.12m new ordinary shares representing 29.9 per cent of the voting shares of Stockley, the maximum level before a bid is automatically triggered. European Ferires wilt also acquire 38.88m new non-voting shares. Together these represent 44 per cent of the enlarged sbare capital in Stockley.

European Ferries has agreed not to sell its stake for e minimum two years; Stockley will have pre-emption rights over these shares for a further two years; and European Ferries bas agreed not to make a general offer for the property company for at least two years without the agreement of the Stockley board.

Metal Box paying £33m for U.S. cheque printer

Metal Box is to pay U.S.$40m (££3m) in eash for Clarke Checks, a cheque printing company based in San Antonio, Texas.

The acquisition will substantially expand the group's security printing operations in the U.S., begun in 1983 through another cheque printer, MicrGraphics, based in Los Angeles, California.

Clarke, which has 12 plants in elght states and prints about 1.5bn cheques per year, made pre-tax profits of $5m in 1984 and has net assets of $13.5m. Its acquisition is subject to U.S. Government approval. The company is privately owned.

Metal Box also has security printing activities in the UK and Kenya. Its other U.S. interests include manufacture of packaging, cans, conveyors, and packaging machinery.

Tony Jackson on BAT's packaging disposal

Only a minnow but a whale of a catch

The proposed sale by tobacco giant BAT of its packaging business comes as little surprise to BAT-watchers. For close on two years the company has been hinting as much, at least by implication. Its four key areas, BAT has been saying, are tobacco, paper, retailing and financial services. The only sizeable chunk of business which falls outside that definition is Mardon Packaging.

By any normal standards, Mardon would be a whale of a company. By BAT's standards it is a minnow. Mardon's sales last year were £608m, and trading profits £34m. That made for just 4 per cent of BAT's total turnover, and 3 per cent of its profit.

But in the packaging industry Mardon is big business. Although less than half of its sales are in the UK, it still has between 5 and 6 per cent of the total UK packaging market. The only company to beat that is Metal Box, which has around twice that share, while Reed comes equal second with Mardon.

Given Mardon's history — set up by Imperial Tobacco, and finishing up with BAT — there is a tendency to think of it as just a maker of cigarette packets. It is that, but it is also — among other things — Europe's biggest producer of PET bottles and Britain's biggest maker of beer mats.

Its largest single area is flexible packaging — plastic wrappings, bread bags, crisp packets and the like — accounting for around 27 per cent of its turnover. It is the UK's biggest operator in this area, with a market share of around 18 per cent.

Then come the folding cartons — cigarette cartons, Maltesers packets, boxes for Mr Kipling cakes — where it is again the UK's biggest, with a share of 12 per cent. And then there are plastics. Besides all these PET bottles, Mardon is Britain's biggest maker of PVC bottles for squash, shampoo and so forth. And in a quite different sector it makes 1.25m tin cans a day, specialising in pet food tins for such customers as Pedigree Petfoods.

As to overseas business, of total group sales 44 per cent are in North America, 8 per cent in Europe and a solitary 1 per cent in Zimbabwe. The North American business is heavily weighted to Canada, where the group is strong in web-offset printing (it makes a high proportion of the labels for tins of Canadian salmon), and also produces flexible packaging and folding cartons. The U.S. business is a good deal less important, being only one half to one third the size of the Canadian operations.

Mardon's origins go back to 1962, when it was formed out of four existing subsidiaries of what was then Imperial Tobacco (now the Imperial Group). At the time of its formation Imps sold a 50 per cent stake in the business — which then had sales of e mere £13m — to BAT. That relationship was to persist for 17 years, during which its joint owners built Mardon up through a rapid programme of acquisitions.

Then, in 1979, BAT bought Imp's 50 per cent stake for £87.8m. Given a price tag of £176m six years ago, what price Mardon now?

The question, as City analysts were agreeing yesterday, is not easy to answer. It would not do merely to boost the 1979 price by sales growth and inflation. In those days the big retailers such as Tesco and Sainsbury—names which now haunt the packaging industry — were really only getting into their stride. Since then they have been putting increasing margin pressure on their manufacturing suppliers, who have been passing the same pressure on to suppliers of packaging.

Then again, it is not immediately easy to see who is going to stump up the cash. A big packaging company like Metal Box could well be ruled out on grounds of monopoly. Names like Reed and Bowater are being tossed around in the City, but the way in which BAT has chosen to put up the "For Sale" sign over Mardon suggests that BAT itself has no clear buyer in mind.

A further problem is that there is no easy way of determining how Mardon's £34m trading profit translates to bottom-line earnings. In a company of BAT's size, matters such as the imputation of intra-group loans and the overall tax charge are naturally very complex. Snap guesses, though, put last year's earnings figure at around £19m. Then comes the question of what earnings multiple a buyer might be expected to pay.

The average p/e ratio for the paper and packaging sector is presently a shade under 10, with a range between 8 and 12. Mardon is a strong and well-run company, and could also expect to command the normal premium on acquisition. That suggests a price of at least £200m.

In that case, BAT would make a profit of only £12m on its £88m investment of six years ago. As a return over the period, that looks pretty meagre. On the other hand, a group which has just turned in pre-tax profits of £1.4bn can presumably live with it.

Vectis Stone profits down

Vectis Stone, construction, vehicles and fuel distribution, toiletries and catering group, reported a pre-tax profit of £862,000 in the year to December 31 1984, against £1.03m in the previous 15 months.

The profit, on turnover of £30.26m (£39.16m), includes interest received of £66,000 (£47,000) and interest paid of £7,000 (£26,000).

Earnings per share, before extraordinary items, were quoted at 3.67p (4.27p) and a final dividend of 1.3p is recommended, making 2.2p for the full year.

Contracts & Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE
(Algerian Popular Democratic Republic)

MINISTERE DE L'HYDRAULIQUE DE L'ENVIRONNMENT ET DES FORETS
(Ministry for Hydraulics, Environment and Forestry)

DIRECTION GENERALE DES INFRASTRUCTURES HYDRAULIQUES
(General Administration for Hydraulic Infrastructures)

NOTICE OF NATIONAL AND INTERNATIONAL OPEN CALL FOR TENDERS

CONSTRUCTION OF THE CHEURFAS II DAM
ON THE OUED MEBTOUH WILAYA DE MASCARA

The General Administration for Hydraulic Infrastructures, Ministry for Hydraulics, Environment and Forestry, is launching a National and International Open Call for Tenders for the construction of the Cheurfas II dam on the Oued Mebtouh Wilaya de MASCARA.

This Call for Tenders concerns the following operations: the construction of a concrete gravity dam.

The scale of the operations to be carried out are as follows:

1—Demolition of the existing dam: 36,000m³
2—Excavation of the silt: 350,000m³
3—Excavations: 160,000m³
4—Concrete: 270,000³
5—Drainage and grout curtain = 32,000m²

Tenderers interested (in this call for tender) may obtain the specifications from the following address: Ministère de l'Hydraulique de l'Environnement et des Fôrets Direction Générale des Infrastructures Hydraulique—D.I.M.T.—KOUBA ALGIERS, for the sum of 3,000 DA from 15 March 1985.

Offers should be prepared in accordance with the clauses of the specifications and the current regulations and must be sent in a double-sealed envelope to the following address: Ministère de l'Hydraulique de l'Environnement et des Fôrets Direction Générale de l'Administration Bureau des Marchés—Kouba—Algiers. The outer envelope should not bear any mark that might identify the tenderer.

Offers should be submitted by 12 noon on 30 June 1985.

Tenderers shall be bound by their offer for 120 days from the closing date for submission of the tenders.

UK COMPANY NEWS

Motor side behind 48% advance at Keep Trust

Keep Trust, e holding company with interests in motor trading, engineering and investments, achieved a 48 per cent increase from £1.15m to £1.71m in taxable profits for 1984.

"In spite of well publicised problems in the industry, the motor division further increased profits from £1.29m to £1.48m," says Mr G. P. Howard, the chairman. The body repair and service departments were re-equipped at the garages and "this has had positive results and already two of the outlets are having to further extend facilities."

He says the engineering division has continued to progress, thanks to another rise in profits at Wickstead Leisure. Increased sales to private customers has proved successful and he hopes that new markets, along with new products, will enable continued growth.

Total group turnover was higher at £58.9m against £56.51m, which included £3.89m from merchanting. The pre-tax result included investment income of £56,000 (£153,000) and was struck after interest payable of £524,000 (£747,000).

The dividend is being doubled to 0.75p with the directors recommending a final distribution of 0.745p (same). Stated earnings per share were 3.2p (2.8p).

Tax accounted for £405,000 (nil) and after extraordinary debits of £28,000 (credits £40,000) the attributable balance was £1.28m (£1.19m)—dividends will account for £320,000 (£169,000).

At halfway profits were up from £236,000 to £635,000 and interim dividend payments were restored. During its first year of trading to December 31, 1980, Keen earned £71,000 pre-tax and earnings per share were 0.52p.

Coates approaches £13m with buoyant second half

A BETTER-than-expected second half result was attained by Coates Brothers and pre-tax profits for 1984 climbed by £3.9m to £12.91m.

Coates, a manufacturer of printing inks and supplier of synthetic resins, says thet treding conditions continued to be relatively buoyant in most parts of the world during tha second half, which produced £7.19m against £5.15m.

Apart from Asia where profits fell from £1.47m to £934,000, returns from all geographical regions were higher. UK and European operations increased their share of total profits from £3.66m to £6.61m.

African and Australian returns were £2.57m (£2.06m) and £1.9m (£1.23m) respectively. U.S. and Caribbean operations contribnted £898,000 (£591,000).

On an industrial basis, printing inks and related supplies eccounted for £9.43m (£7.6m) of profits with the remainder attributable to synthetic resins and other products. Total turnover came to £192.17m (£139.93m).

The recommended final dividend is up from 2.8p to 3.2p, lifting the total distribution to 4.6p against 3.8p. Earnings per share rose by 4.36p to 16.55p after tax of £6.02m (£3.82m)—minorities came to £192,000 (£255,000).

Coates says that borrowings at £25.6m represent an increased 35 per cent of shareholders' funds, largely due to edditional working capital requirements.

Directors' estimates, based on management accounts, for the results pre-changes show group turnover of £181.84m and earnings per share of 15.69p.

Because of economic difficulties and uncertainties in some overseas territories the directors heve transferred £2.7m to e special reserve.

● **comment**

Coates figures are better than expected. Rising overseas taxation rates pushed the overall charge up by 5 percentage points to 47 per cent. The £2.7m transferred to a special reserve concerns assets which the directors feel are not freely available—presumably this amounts to e write-down of certain African operations which, even if ebuyer could be found, the amounts involved could not be repatriated. In 1983 similar provisions were made for remittances from the same countries. In the U.S., the Colonial Printing acquisition did not make any contribution to profits once borrowings are taken into account. For 1985 the market is expecting £13½m pre tax, for a prospective of 10 at 176p—what is not expected is any change in its anachronistic share ownership structure where the Coates family still reigns supreme.

Alexandra beats £1.9m forecast

Alexandra Workwear, the manufacturer and supplier of workwear which came to the market with a heavily over-subscribed offer last January, has beaten by some £45,000 the pre-tax profit forecast of £1.9m it then made. The result represents an £880,000 improvement on last year.

As indicated in the offer prospectus, there is to be no final dividend in respect of the year ended January 26 1985. Pro forma earnings per share are stated to be 11.9p (10.8p).

During the first eight weeks of the current year sales and net margins have been well up, and orders are increasing in most market sectors, say the directors. They believe that they can look forward to a year of "significant progress."

Turnover in the year under review was up from £16.83m to £21.32m. Interest took £432,000 (£388,000), and tax consisted of £359,000 (nil) current and £394,000 (nil) deferred.

● **comment**

Alexandra's profits are right in line with the prospectus forecast, which is one of the least surprising announcements to reach the markat yesterday but they do, et least, underline the group's growing market position within an expanding sector. Voluma growth could be around 20 per cent again in 1985 with Alexandra adding, perhaps, a point or two to its 13 per cent market share. That points to pre-tax profits in the region of £2.4m this year dropping the prospective p/e at 149p to 11, assuming a 40 per cent tax charge. As a prelude to opening the third Scottish factory, an annex has been leased to give additional capacity of 3,500 garments a week. But the big jump will come in 1987 by which time production will be up to 90,000 e week against 65,000 now. The rating may be high for a textile group but imaga conscious customers should provide consistent growth in future years.

Macfarlane advances 19% to a record £3m

WITH pre-tax profits up by over 19 per cent for 1984 shareholders of Macfarlane Group (Clansman) are to receive a 0.442p bigger total dividend of 4.315p net and a one-for-one bonus issue.

Turnover for the year advanced from £34.1m to £41.52m and profits at the pre-tax level increased by £0.49m to a record £3.01m — Macfarlane is engaged in packaging and printing.

Sir Norman Macfarlane, group chairman, says the current year has started well with both sales and profits ahead of a year ago. He adds that all companies are operating profitably and he believes the outlook for the group is "still encouraging."

The year was one of continued investment for the group. Some £2.8m was spent on new buildings, plant and machinery in order to improve efficiency and production capacity.

Despite increased investment total borrowings rose by only £200,000 to £1.8m.

Net interest charges accounted for £148,207 (£61,224) and tax rose sharply from £532,151 to £1.06m. There was also an extraordinary debit this time of £650,600 for a deferred tax provision which left available profits at £1.3m, compared with £1.99m.

Earnings per 25p share amounted to 12.75p (13.1p). The final dividend is being increased from 2.2p to 2.475p.

The group's companies in the south performed well. Investment at A. & W. Fullarton of Govan, the specialist warehousing, storage and packaging offshoot, is expected to produce increased profits in 1985.

The companies supplying the whisky industry continue to be a valuable source of group business.

COMPANY NEWS IN BRIEF

Birmid Qualcast, the Midlands engineering group, forecasts that its balf yearly figures would be below last year's pre-tax profits of £4.8m, but stressed that this would not be indicative of the full year's results.

* * *

Vickers, the Rolls-Royce car and engineering gronp, paid £205,000 last year to former directors as compensation for loss of office. It did not specify to whom the payments were made. Executive directors who left during the year were Mr George Fenn, chief executive of tha motor car group, and Mr Noel Davies, chief executive of the engineering equipment group.

Mr David Plastow, managing director and chief executive, saw his salary rise from £80,500 to £121,005.

* * *

Pre-tax profits of **Johnston Gronp** fell from £5.9m to £4.46m for 1984. Turnover also dipped, from £60.19m to £58.38m. The dividend is lifted, bowever, from 6.5p to 7p with a 5p final.

* * *

The interest rate for this week's issue if local authority bonds is 12 1/16 per cent, down ona eigth of a percentage point from last week, and compares with 9 1/16 per cent a year ago. The bonds are issued at par and are redeemable on April 9, 1986.

A full list of issues will be published in tomorrow's edition.

* * *

Tyzack Turner, engineer, achieved pre-tax profits of £116,000 in the half year to January 31 1985, compared with £65,00 for the comparable period and £315,000 for the last full year.

In the light of the improved figures, the directors are pro-posing a 1p dividend, the first interim payment since 1982.

Turnover increased from £3.03m to £3.63, primarily because of the knife machine busines acquired last year. Earnings per share are given as 4.3p (3.3p), and there is to be a one-for-four scrip issue.

* * *

Turnover of **Stanley Miller** rose from £16.98m to £18.6m, but pre-tax losses deepened from £334,000 to £449,000. There is no dividend against 1p. Loss per share is 7.48p (earnings 2.86p).

* * *

Net asset value per 50p share of **New Court Trust** improved by 56p to 477p over tha year to February 28 1985. Net revenne for the six months to end-February amounted to £306,724 (£361,833) after tax of £13,4828 (£167,330) The net interim dividend is the same at 4.125p.

* * *

Pre-tax profits of **Arthur Wood** rose from £385,000 to £459,000 for 1984 and the dividend lifted from 3p to 3.5p. Turnover was £4.02m, against £3.49m.

Earnings per share rose to 13.32p (11.59p).

* * *

Atkins Industrial Holdings is to buy Cartner, a specialist electronics company in a cash and shares deal worth £500,090. Atkins is a subsidiary of Atkins Brothers (Hosiery).

FINANCIAL TIMES

Wednesday April 3 1985

Balancing act on rubber prices, Page 38

WALL STREET

Steady mood ahead of holiday

FINANCIAL markets on Wall Street held steady yesterday with analysts and traders predicting a period of calm as the credit markets digest last week's rally in bond prices, *writes Terry Byland in New York.*

The closure of the markets on Good Friday leaves the financial sector facing a foreshortened week which lacks any economic highpoint. Bond traders aimed to keep their books in balance ahead of the extended weekend.

The stock market was initially buoyant hut investors were inclined to await the flow of corporate earnings reports due after Easter.

At 3pm, the Dow Jones industrial average was down 3.09 at 1,289.66.

Federal funds opened at 8⅞ per cent, towards the high end of the recent range. Funds were still trading at that level when the Fed announced a further batch of $1.5hn in customer repurchase arrangements, hut the fund rate continued to move higher.

Other short-term rates rallied from a weak start and moved smartly higher at mid-session. Bond prices shaded lower without attracting much significant retail interest. Several leading analysts cast doubt on the substance of last week's rally in bonds, warning that money supply might shortly begin to rise again, causing the Fed to tighten policies.

For the time being, bowever, the market retained its faith that the Fed will leave the money reins slack.

Also troubling bonds was congressional criticism of the federal securities industry in the wake of the collapse of ESM Government Securities. American Savings & Loan fell $⅝ to $5⅞ as the court-appointed trustee for ESM said he would sue the thrift over funds recovered shortly before the collapse of the bond trading firm.

Turnover in stocks was moderate, and it was left to the special situations to provide the features.

Cummins Engine joined the list of major corporations to warn on 1985 profits, although the group's stock edged up $⅛ to $73⅞.

The market appears to have largely discounted the likelihood of lower corporate profits in the first quarter and is more impressed by the signs of low inflation, and a recession-free outlook for the economy.

The technological sector, in particular, continued to recover from last week's bout of nerves. IBM at $129⅛ added $1 after defending itself in the investment press against criticisms of the withdrawal of the PC jr personal computer.

Honeywell $⅝ up at $59⅛, Burroughs $¼ higher at $60⅛ and NCR $⅛ firmer at $28⅛, were also supported. Digital Equipment added $¾ to $108⅛.

Motor manufacturers also continued to edge ahead with General Motors adding a further $½ to $74¼. Chrysler, which is resheduling $4.8bn of debt, gained $½ to $35⅝.

Among the batch of special features, stock in Crown Zellerhach, the paper and forest products group, added $⅛ to $41⅞ on Sir James Goldsmith's announced plan to acquire the equity for more than $1.14bn. Wall Street is waiting to see whether the unwelcome approach from Sir James can go forward without triggering off Zellerhach's "poison pill" defence clause which would make any hid extremely difficult.

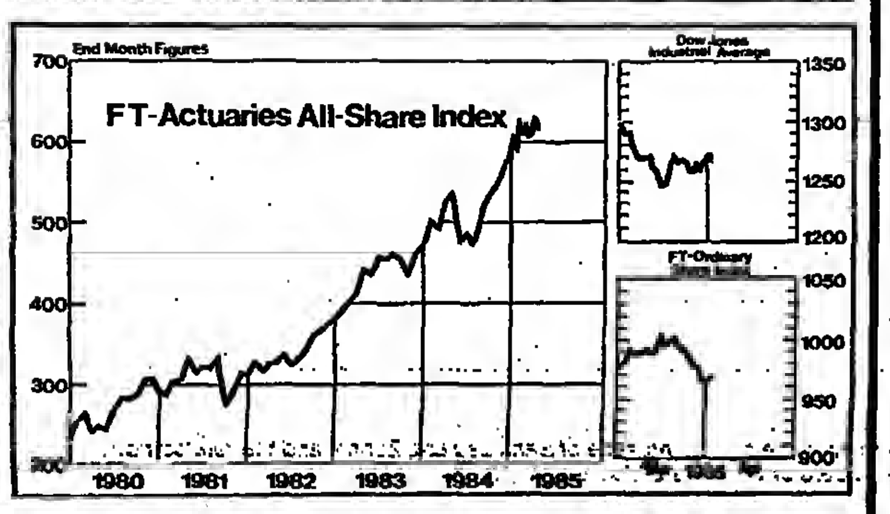
Transamerica stock added $½ to $29⅛ after the disclosure of the deal with Sedgwick, the UK insurance group, which if completed will give Transamerica a 39 per cent stake in the UK group.

Stock in A. H. Rohins, facing lawsuits over its Dalkon Shield contraceptive device, was suspended et $23 after the group disclosed further losses and passed the quarterly dividend payment.

Another active feature was CBS, $1⅛ off at $106⅞ after the board said that New York investor, Mr Ivan Boesky does not seek control. CBS signed a $1.5bn credit line, decreasing the chances of any renewed hid attempt.

Treasury hill rates were ahead by 10 or 12 hasis points at mid-session, hut the short end of the market was distorted hy cash flows ahead of the Easter weekend, which unsettled the banking settlement operations. Bond prices slipped lower.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Apr 2	Previous	Year ago
NEW YORK			
DJ Industrials	1,289.66*	1,272.75	1,153.16
DJ Transport	603.30*	602.52	506.13
DJ Utilities	154.65*	154.13	126.18
S&P Composite	180.56*	181.27	157.98
LONDON			
FT Ord	969.4	963.8	859.2
FT-SE 100	1,286.8	1,278.3	1,108.1
FT-A All-share	620.15	616.59	517.06
FT-A 500	677.74	673.46	567.74
FT Gold mines	506.2	507.5	638.7
FT-A Long gilt	10.56	10.54	10.09
TOKYO			
Nikkei-Dow	12,629.86	12,677.15	11,050.20
Tokyo SE	997.00	999.30	878.62
AUSTRALIA			
All Ord.	828.9	828.6	749.1
Metals & Mins.	524.6	524.3	528.3
AUSTRIA			
Credit Aktien	74.25	74.19	55.31
BELGIUM			
Belgian SE	2,261.49	2,249.7	-
CANADA			
Toronto			
Metals & Minls	2,050.8*	2,033.1	2,307.0
Composite	2,620.2*	2,615.5	2,370.4
Montreal			
Portfolio	129.67*	129.25	115.36
DENMARK			
Copenhagen SE	183.05	n/a	182.22
FRANCE			
CAC Gen	213.3	211.4	164.1
Ind. Tendance	116.8	115.7	86.5
WEST GERMANY			
FAZ-Aktien	413.11	408.72	348.41
Commerzbank	1,195.0	1,183.2	1,022.8
HONG KONG			
Hang Seng	1,430.36	1,389.13	1,023.96
ITALY			
Banca Comm.	264.66	269.54	217.25
NETHERLANDS			
ANP-CBS Gen	204.4	202.8	163.0
ANP-CBS Ind	165.7	165.0	131.6
NORWAY			
Oslo SE	311.63	308.11	268.93
SINGAPORE			
Straits Times	811.68	818.24	981.45
SOUTH AFRICA			
Golds	1,054.1	1,039.6	1,002.0
Industrials	897.0	897.6	1,062.3
SPAIN			
Madrid SE	111.99	111.97	83.8
SWEDEN			
J&P	1,386.36	1,384.60	1,579.74
SWITZERLAND			
Swiss Bank Ind	417.6	414.3	369.7
WORLD	Apr 1	Prev	Year ago
Capital Int'l	203.0	203.3	189.6

GOLD (per ounce)

	Apr 2	Prev
London	$319.125	$321.125
Zurich	$318.875	$321.25
Paris (fixing)	$320.93	$324.35
Luxembourg	$315.00	$328.50
New York (May)	$322.00	$318.40

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Apr 2	Previous	STERLING Apr 2	Previous
$	-	-	1.2075	1.2225
DM	3.149	3.12	3.805	3.81
Yen	254.1	252.65	307.0	308.5
FFr	9.6075	9.47	11.58	11.59
SwFr	2.66	2.64	3.205	3.23
Guilder	3.5535	3.515	4.29	4.288
Lira	2,001.0	1,990.0	2,415.0	2,421.0
BFr	63.3	62.7	76.4	76.45
C$	1.3742	1.368	1.6595	1.670

INTEREST RATES

	Apr 2	Prev
Euro-currencies (3-month offered rate)		
£	13 1/16	13 3/16
SwFr	5⅜	5⅝
DM	5 11/16	5⅝
FFr	11	11
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 3/16	9 1/16
6-month U.S.$	9⅝	9⅝
U.S. Fed Funds	8 11/16*	8 11/16
U.S. 3-month CDs	8.75*	8.65
U.S. 3-month T-bills	8.24*	8.14

U.S. BONDS

Treasury	Apr 2* Price	Yield	Prev Price	Yield
10% 1987	100 13/32	10.46	100 15/32	10.41
11¾ 1992	100 11/32	11.63	100 23/32	11.58
11¾ 1995	97 23/32	11.68	97 31/32	11.60
11¼ 2015	96 25/32	11.57	96 27/32	11.63
Corporate	Apr 2* Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	95⅞	11.49	95⅞	11.49
3⅞ July 1990	73⅞	10.62	73⅞	10.62
8¾ May 2000	75⅛	12.32	75⅞	12.32
Xerox				
10⅞ March 1993	93⅛	12.00	93⅛	12.00
Diamond Shamrock				
10⅜ May 1993	92⅛	12.40	92⅛	12.40
Federated Dept Stores				
10⅜ May 2013	86.153	12.40	86.153	12.40
Abbot Lab				
11.80 Feb 2013	94.920	12.45	94.920	12.40
Alcoa				
12½ Dec 2012	95.078	12.90	95.078	12.90

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	69-13	69-17	69-10	69-17
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.29	91.33	91.26	91.57
Certificates of Deposit (IMM) $1m points of 100%				
June	90.48	90.53	90.47	90.58
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.09	90.13	90.06	90.18
20-year Notional Gilt £50,000 32nds of 100%				
June	106-12	106-18	106-06	106-13

COMMODITIES

(London)	Apr 2	Prev
Silver (spot fixing)	530.55p	529.65p
Copper (cash)	£1,192.50	£1,154.50
Coffee (May)	£2,215.50	£2,200.50
Oil (spot Arabian light)	$27.70	$27.75

LONDON

Dollar rally provides the stimulus

INTERNATIONAL and U.S.-related stocks attracted revived interest in London yesterday and led equities higher for the first time in nine sessions. Sentiment benefited from Wall Street's confident overnight tone hut there was little doubt that the main stimulus was the dollar's rally against sterling and other European currencies.

Equity business generally continued to be affected hy Easter holiday considerations – the exchange will be closed on Friday and next Monday – but specialist activity was sufficient to colour proceedings. Most interest was generated hy a fresh spate of trading statements or other news items. The proposed merger of Sedgwick, Britain's largest independent insurance broker, with the Fred S. James arm of Transamerica Corporation was of major importance. Sedgwick fell 9p to 375p.

Through a combination of currency influences and renewed American support, double-figure gains were made hy leading overseas earners with ICI up 13p at 771p and British Petroleum 13p higher at 550p. Helped by such strength, the FT Ordinary share index rose 5.6 to close at the day's highest of 969.4.

Government securities were again swayed hy the movement in sterling. Trade was light. Final losses among conventional gilts were small but heavier in index-linked stocks.

Chief price changes, Page 32: Details, Page 33; Share information service, Pages 34–35

SINGAPORE

SELLING pressure in a market where investors remained on the sidelines in the aftermath of recent lower-than-expected corporate results, left Singapore lower again yesterday.

The Straits Times industrial index fell 6.56 to 811.68 for a fourth consecutive decline.

Much of the selling was attributed to an overhang of shares purchased on margin account during the last settlement month which ended last Thursday.

Among actively traded issues, Cycle & Carriage fell 8 cents to S$4, Sigma 10 cents to S$2.28 and City Development 1 cent to S$1.38.

Metro lost 24 cents to S$3 and L & M 16 cents to S$2.42.

AUSTRALIA

GOLDS moved lower in Sydney although other resource issues were bolstered hy the weakening Australian dollar. The All-Ordinaries index managed to put on 0.3 points to 828.9 but the gold index slumped 25.9 to 811.7.

Heavy trading continued in Arnotts and its takeover target, Allied Mills. There is a growing feeling that Arnotts will not secure the 90 per cent of Allied it seeks and that the takeover offer will be rescinded. Allied fell 35 cents to A$2.90 while Arnotts gained 5 cents to A$4.40.

Elsewhere, Central Norseman fell 20 cents to A$7.20, Poseidon dipped 10 cents to A$3.75 while MIM Holdings picked up 7 cents to A$3.22 as CSR was left unchanged at A$2.90.

SOUTH AFRICA

THE RECOVERY in the bullion price prompted a rally in Johanneshurg gold shares.

Randfontein rose R5 to R205 while gains of R1 each were secured by Free State Geduld at R54.50 and Buffels at R81.50.

Mining financials and most other mines were firmer where changed.

Industrials finished the session mostly unchanged.

EUROPE

Overseas buyers reappear

THE REAPPEARANCE of some foreign demand, spurred by the reoewed strength of the dollar for the second day, underpinned a firmer tone in many European centres yesterday.

Frankfurt was also the beoeficiary of demand from private iovestors and the midsessioo calculation of the Commerzbank iodex registered an 11.8 advance to 1,195.0.

Second thoughts were expressed late in the day at the upturn taken hy the U.S. currency, and some profit-taking left shares to close off their higbs.

Siemens was particularly favoured, closing DM 9.10 higher at DM 538.50.

Other electricals saw BBC hold to its day's peak, up DM 3.10 at DM 217.80, hut AEG fell back from a high of DM 110.50 to eod DM 1 higher at DM 109.40.

Sports car maker Porsche, whose shares have doggedly followed the fortunes of the dollar in recent weeks, put on DM 32 to DM 1,220. But BMW slipped 50 pfg to DM 373 while VW edded 10 pfg to DM 203.10 and Daimler advanced DM 4 to DM 663.50.

In the hanking sector, Commerzbank fell 50 pfg to DM 184 amid continued disappointment over its decision to leave its divideod unchanged. Deutsche rose 50 pfg to DM 439.50 ahead of results due today, while Dresdner rose 20 pfg to DM 189 as it unveiled 1984 figures. BHF Bank slipped DM 1 to DM 283.50 despite plans for a higher dividend.

Bond prices eased as the mood was dampeoed hy the dollar's recovery and the Bundeshank bought a small DM 16.8m of paper, after sales totalling DM 15.8m the previous day.

Meanwhile, bourse statistics released yesterday showed that turnover of shares and bonds rose by 16.2 per cent in March to DM 14.74bn from DM 12.89hn in February. Last month's total was the second highest ever, beaten only by the DM 17.98bn seen in October 1984.

Renewed demand for internationals led **Amsterdam** higher and the ANP-CBS General index rose 1.6 to 204.4.

Royal Dutch moved up Fl 2 to Fl 201.10 while Unilever was Fl 2 higher at Fl 343.50.

Banks were mostly firmer in belated response to Monday's announcement of a cut in credit surcbarges, although ABN beld unchanged at Fl 404. NMB, issuing its annual report today put on 50 cents to Fl 172.

Publisher Elsevier added 20 cents at the outset but it fell back to close a net 50 cents lower at Fl 114 after the announcement of an expected slowdown in 1985 profits growth. VNU, however, was Fl 1.80 higher at Fl 207.

Bonds were little changed with investors remaining out of the market after last week's successful state issue and the absence of new issues.

Zurich was steady in moderately active trading with a number of hlue-chip issues managing to recoup some of the losses sustained in recent days.

Nestlè rose SwFr 90 to SwFr 8,340, Alusuisse SwFr 18 to SwFr 851, Ciba-Geigy SwFr 30 to SwFr 2,840 and Sandoz SwFr 50 to SwFr 7,500. Banks were subdued but insurers were in demand.

Bonds were steady with the dollar's rise having little impact.

Paris extended early gains with the slight reduction io overnight money market rates helping the mood.

Leading rises included Peugeot, up FFr 20 at FFr 305, and Perrier, which added FFr 16 to FFr 506 as the market reassessed the improvement in group coosolidated net profit for 1984.

Brussels was higher in moderate trading. Société Géoérale de Belgique gained another BFr 10 to BFr 2,000 in continued reaction to its plans to raise its stake in ACEC, the electrical company. ACEC was BFr 4 higher at BFr 878, after Monday's BFr 64 advance.

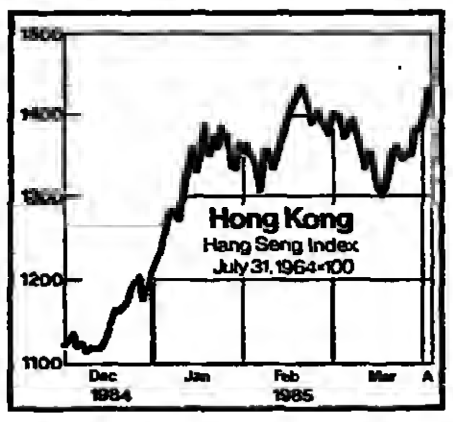
Petrofina gained BFr 50 to BFr 8,800 hut the smaller oil stock, Cometra shed BFr 10 to BFr 2,815.

In the financial sector, Kredietbank rose BFr 200 to BFr 8,250

Nervousness over the outlook for interest rates and political developments left **Milan** lower.

Olivetti was L80 lower at L8,100 despite reports that Xerox is believed to be oegotiating for the right to sell an Olivetti-made personal computer in the U.S.

Stockholm was mixed to lower, but **Madrid** was little changed on the day.



HONG KONG

Speculative support for new advance

A FRESH round of speculative buying underpinned a sharp advance in Hong Koog that took the Hang Seng index up 41.23 to 1,430.36, just short of the 12-month high of 1,435.17 established on February 19.

Property stocks were in particular demand amid general optimism over the outlook for the local property market.

Price rises were also paced by a 75-cent rise to HK$10 in Jardine Matheson amid renewed market speculation that a major Asian financier or company was preparing a takeover hid. Jardine said it had no koowledge of aoy such bid.

Elsewhere, Swire Pacific advanced 80 cents to HK$23.80, Cheung Kong 90 cents to HK$14.70 and China Ligbt 10 cents to HK$15.

Hongkoog Land put oo 25 cents to HK$5.10 and Sun Hung Kai Properties 20 cents to HK$9.60. Hongkong Bank was 15 cents ahead at HK$8.75 and Hongkong Wharf 25 cents higher at HK$5.90.

TOKYO

A cautious view follows fresh peak

PROFIT-TAKING pressure mounted in Tokyo yesterday with investors growing cautious about the possihle impact of Monday's price upsurge, *writes Shigeo Nishiwaki of Jiji Pres.*

The Nikkei-Dow market average dropped 47.29 to 12,629.86 on a relatively large volume of 505m shares. Losses outnumbered gains by 388 to 367, with 143 issues unchanged.

Investors started huying actively io mid-Marcb on expectatioos of an advance in April, taking the market indicator up hy more than 410 points to Monday's all-time high. However, fears that prices could fall back at any time put Monday's sharp gainers under selling pressure and shifted huying interest to incentive-hacked stocks.

Kaoebo, Monday's most active, suffered heavy profit-taking, shedding Y6 to Y378 on the fifth largest trading of 11.29m shares. Nippon Kogaku dropped Y13 to Y487.

Among hiotechnology-reloted drugs, Kaken Pharmaceutical plunged Y130 to Y2,870 and Daiichi Seiyaku Y80 to Y2,320.

However, Ishihara Sangyo, which had disclosed it would start pre-clinical trials on two new anti-cancer drugs this autumn, gained Y44 to Y518 with 9.81m shares changing hands. Green Cross, codeveloper of the drugs, closed Y20 higher at Y3,460.

Heiwa Real Estate, which had been belping push up stock prices on speculator interest, declined Y28 to Y902. Mitsubishi Estate and Nippon Express lost Y5 to Y836 and Y4 to Y389 respectively. Tokyu Department Store finisbed Y9 down at Y460.

Mitsuhishi Steel Manufacturing remained popular, closing Y21 higher at Y616 while Sumitomo Cemeot added Y3 to Y303. The day's husiest stock was Mitsui Toatsu Chemicals, with 31.45m shares traded. It finished Y5 up at Y245.

Bond trading was extremely thin as both institutional investors and brokerage houses stayed on the sidelines, waiting for terms for the April issue of 10-year government bonds to be announced this week.

The issue amouot is expected to be high at Y700hn to Y1,000bn. Reflecting the slow pace, the yield on the bencbmark 7.3 per cent government bonds due in December 1993 rose only modestly from Monday's 6.705 per ceot to 8.715 per ceot.

CANADA

A BROAD advance took Toronto shares higher with particular attentioo being paid to resource issues.

Bank of Montreal was actively traded C$¼ higher at C$25¾, Canada Development firmed C$⅜ to C$11⅛ wbile Dome Petroleum picked up 5 ceots to C$3.80.

Io the gold sector, Lac Minerals rose C$¼ to C$31⅜ and Dome Mines was unchanged at C$12¼. Campbell Red Lake gained C$⅛ to C$28⅝.

Banks and industrials in Montreal managed modest progress.

Prices at 3pm, April 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
23½	16⅛	AAR	.48	2.5	14	33	18¾	18⅝	18⅝	−⅛
20¼	9⅜	AGS			9	59	12⅞	12⅜	12½	
18⅛	10¾	AMCA				17	10⅝	d10½	10½	−⅜
17⅞	13⅜	AMF	.50	2.9	39	2990	u18¼	17⅛	17½	−⅛
43¼	24¼	AMR			10	5575	43¾	42⅞	42⅝	+⅜
20⅞	18⅝	AMR	pf2.18	11		109	20½	20⅜	20⅜	
14¼	6½	APL			41	9	9½	9⅜	9⅝	+¼
67¼	44⅜	ASA	2	3.6		278	53	52⅛	52⅞	+¾
27	18	AVX	.32	1.9	10	135	17¾	17½	17¼	−⅛
54	36¾	AbtLab	1.40	2.6	16	1139	53⅞	52⅞	53	−⅞
25⅞	15⅝	AccoWd	.44	1.9	10	373	23⅛	22¾	23⅛	+⅛
22	12½	AcmeC	.40	2.5		134	16⅛	16	16	+⅛
10½	0¼	AcmeE	.32b	3.5	11	34	9¼	9	9¼	−⅛
17⅝	15	AdaEx	2.11e	13		94	16¾	16⅛	16⅝	+⅜
20	11⅞	AdmMl	.32	1.8	7	18	18	17⅞	17⅞	−¼
19½	8⅝	AdvSys	.011	7.5	17	19	10⅞	10¾	10¾	
41⅛	25⅛	AMD			14	2557	34	33¼	33½	−¼
12¾	6⅞	Advest	.12	1.3		46	9½	9¼	9⅜	−⅛
14⅝	8¾	Aeflex			12	66	12¼	11⅞	12¼	+¼
42⅝	27¼	AetnLf	2.64	6.4	40	2210	42	41⅛	41½	+⅜
58¾	52⅜	AetL	pf5.83e	11		150	54⅝	54⅝	54⅝	
34	15¾	Ahmns	1.20	3.6	19	1932	33⅞	33¼	33½	+¼
4½	2½	Aileen			19	165	2¾	2½	2½	−⅛
51	38⅝	AirPrd	1.20	2.5	11	1014	48⅝	48⅛	48⅛	
24⅜	13	AirbFrt	.60	2.8	11	20	21¼	20¾	21⅛	+¼
2	1	AlMoa	s		21	340	1⅝	1½	1¼	
32	26¾	AlaP	pfA3.92	13		17	30⅞	30⅜	30⅞	+½
7½	6	AlaP	dpf.87	12		20	7¼	7⅛	7⅛	−⅛
73½	61½	AlaP	pf 9	13		z290	71½	71	71½	−½
102	85¼	AlaP	pf 11	11		z50	99½	99½	99½	
68½	57	AlaP	pf 8.16	12		z500	65⅝	65⅝	65⅝	+⅝
68	58	AlaP	pf 8.28	13		z60	66	66	66	

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 2

Continued on Page 32

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
62¾	45¾	Wrigly	1.80a	2.6	11	65	u64½	62½	63¾	+1
6⅞	3⅛	Wurlitzr				6	3⅞	3⅞	3⅞	
16	10¾	WyleLb	.32	2.9	18	53	12¼	12⅛	12⅛	-⅛
23⅝	17	Wynns	.60	3.1	7	537	20¾	19	19¼	-1½
		X Y Z								
45¼	33¼	Xerox	3	6.7	16	1419	44¾	44⅝	44⅝	+¼
51⅝	45¼	Xerox	pf5.45	11		5	50⅜	50⅝	50⅜	+¼
30	24	ZaleCp	1.32	4.7	9	34	28⅛	28	28	+¼
24⅞	13⅝	Zapata	.84	5.9	17	556	14½	14	13⅞	-⅛
58	30	Zayre	.40b	.7	14	605	56⅛	55½	55½	-⅝
31¼	19⅛	ZenithE			6	636	22¼	21⅞	21⅞	-⅞
21⅞	14⅜	Zero	.5		19	101	19½	19	16⅛	-⅝
31⅜	21⅛	Zurnln	1.32	4.7	10	146	28	27¾	27⅞	+¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

WORLD STOCK MARKETS

AUSTRIA

Apr. 2	Price Sch%	+ or —
Creditanstalt	253	+1
Goesse	450	+4
Interunrfel.l	570	+15
Laenderbank	252	+1
Perlmooser	402	—
Steyr-Daimler	159	......
Veitscher Mag	390	—4

BELGIUM/LUXEMBOURG

Apr. 0	Price Frs.	+ or —
B.B.L.	1,930	+5
Banq. Int. A. Lux	6,150	......
Bekaert B.	5,230	......
Ciment CBR	2,550	—10
Cockerill	262	—5
Delhaize	7,070	+220
EBES	6,076	—5
Electrobel	8,650	......
Fabrique Nat.	2,040	+20
GB Inno BM	3,100	—5
OBL (Brux)	1,980	+20
Gevaert	6,090	+15
Hoboken	6,980	—190
Intercom	9,040	+25
Kredietbank	8,250	+200
Pan Hldgs.	11,000	......
Petrofina	6,800	+50
Royale Belge	11,200	......
Soc. Gen. Banq	5,350	+10
Soc. Gen. Belge	2,000	+10
Sofina	7,500	+20
Solvay	4,420	+10
Stanwick Intl.	1,550	—8
Tractionel	4,140	+15
UCB	5,560	......
Wagon Lits	9,640	—49

DENMARK

Apr. 2	Price Knr %	+ or —
Andelsbanken	286	+4
Baltic Skand	520	......
CopHandelsbank	984	+7
D. Sukkerfab.	655	+10
Danske Bank	276	+4
De Danske Luft.	1,200	......
East Asiatic	177	+2
Forenede Brygg.	885	......
Forenede Damp.	110	+1
GNT Hldg	436	+25
I.S.S.B.	435	......
Jyske Band	675	+10
Novo Ind	1,590	+55
Privatbanken	350	+5
Provinsbanken	339	+5
Smidth (F)	240	+7
Sophus Berend.	1,025	+10
Superfos.	479	+5

FRANCE

Apr. 2	Price Frs.	+ or —
Emprunt 4½% 1918	1710	—40
Emprunt 7% 1918	8350	......
Accor	288	+5
Air Liquid	862	+5
BIC	520	+28
Bongrain	1,000	—19
[illegible]	[illegible]	[illegible]

GERMANY

Apr. 2	Price Dm.	+ or —
AEG-Telef	109.4	+1
Allianz Vers	1045xr	—2
BASF	203.9	+5
Bayer	911.5	+4
Bayer-Hypo	534	—1
Bayer-Verein	328	—1
BHF-Bank	355.5	—1
BMW	375	—0.5
Brown Boveri	917.8	+5.1
Commerzbank	164	—0.5
Cont'l. Gummi	137.2	+1.2
Daimler-Benz.	955.5	+4
Degussa	350	......
D'sche Babcock.	155	+1
Deutsche Bank	432.5	+0.5
Dresdner Bank	189xr	+0.2
GHH	157.8	+4.3
Hochtief	475	+0.5
Hoechst	206.6	+0.6
Hoesch Werke	108.5	+0.6
Holzmann (P)	398	+3
Horten	170.5	+1.5
Hussel	254.6	+0.7
Karstadt	010	......
Kaufhof	996	+1
KHD	248.6ar	—0.6
Kloeckner	71	+0.9
Linde	411	—0
Lufthansa	106	+1
MAN	164	—1.7
Mannesmann	164	......
Mercedes Hld.	583.6	+1
Metallgesel	054	+4
Munech Rueck	1150	......
Nixdorf	549	+1.0
Porsche	1220xd	+52
Preussag	275	+1
Rhein West Elect	166	—0.5
Rosenthal	240	—1
Schering	450	+9.5
Siemens	536.5xd	+9.1
Thyssen	100.1	+0.5
Varta	196	+2
Veba	179.5	—0.3
V.E.W.	125	+0.0
Verein-West	315	......
Volkswagen	205.1	+0.1

ITALY

Apr. 5	Price Lira	+ or —
Banco Com'le	16,500	—101
Bastogi-IRBS	217.5	+9.5
B.I-Invest	3,400	—50
Centrale	3,381	—194
Credito Varesino	3,956	—56
Fiat	2,750	—102
Finsider	52.7	—0.9
Generali Assicur.	40,600	—1400
Italcementi	79,400	—100
La Rinascenti	646	—6
Montedisin	1,492	—25
Olivetti	6,100	—80
Pirelli Co.	4,175	—60
Perelli Spa	2,110	—71
Snie BPD	2,694	—78
Toro Assic.	15,900	—210
do Pref	10,000	—300

NETHERLANDS

Apr. 2	Price Fls	+ or —
[illegible]	[illegible]	[illegible]

NORWAY

Apr. 2	Price Kroner	+ or —
Bergens Bank	142.5	—1.5
Borregaard	362	+4
Christiania Bank	145	......
DenNorske Cred	146	—1
Elkem	140	......
Kvaerner	173	+5.5
Norsk Data	397.5	+10
Norsk Hydro	105.5	+1.5
Storebrand	257.5	......

SPAIN

Apr. 2	Price Pts%	+ or —
Bco Bilbao	637	......
Bco Central	616	......
Bco Exterior	208	......
Bco Hispano	158	......
Bco Popular	677	—5
Bco Santander	551	......
Dragados	175	+9
Hidrola	65	—0.7
Iberduero	66.7	—0.5
Petroleos	150	......
Telefonica	128	—0.6

SWEDEN

Apr. 5	Price Kronor	+ or —
AGA	389	......
Alfa-Laval	101	+1
ASEA (Free)	606	—0
Astra (Free)	570	......
Atlas Copco	104	+1
Cerde (Free)	250	+1
Cellulosa	116	......
Electrolux B.	311	—6
Ericsson	286	+2
Esselte	340	......
Mo och Domsjo	228	......
[illegible]	[illegible]	[illegible]

SWITZERLAND

Apr. 0	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

AUSTRALIA (continued)

Apr. 2	Price Aust. $	+ or —
Gen. Prop. Trust	2.15	+0.02
Hardie (James)	5.08	......
Hartogen Energy	2.35	—0.05
Herald W'yTimes	4.12	+0.02
ICI Aust.	1.2	......
Jimberlana F.P.	0.55	......
Kia Ora Gold	0.16	—0.02
Lend Lease	5.0	......
MIM	3.22	+0.07
Mayne Nickless	3.25	—0.05
Myer Emporium	1.8	—0.02
Nat. Aust. Bank	3.43	—0.02
News	15.9	—0.1
Nicholas Kiwi	1.96	—0.04
North Bkn Hill	0.49	—0.05
Oakbridge	0.5	......
Pancont'l	1.47	—0.01
Pioneer Conc.	1.66	+0.01
Poseidon	6.75	—0.1
Queensland Coal	1.46	+0.01
Reckitt & Coln.	3.65	......
Repco	1.26	......
Santos	6.08	+0.04
Smith (Howard)	4.1	+0.05
Thos. Nationwide	1.70	—0.01
Tooth	5.8	......
Vamgas	4	+0.2
Western Mining	4.01	—0.01
Westpac Bank	3.48	—0.01
Woodside Petrol	1.04	+0.02
Woolworths	4.14	+0.01
Wormald Intl	5.65	+0.05

HONG KONG

Apr. 5	Price H.K.$	+ or —
Bank East Asia	25.0	+0.6
Cheung Kong	14.7	+0.9
China Light	15	+0.1
Everge	1.0	+0.05
Hang Seng Bank	48.25	+0.75
HK Electric	7.8	+0.25
[illegible]	[illegible]	[illegible]

JAPAN (continued)

Apr. 2	Price Yen	+ or —
[illegible]	[illegible]	[illegible]

JAPAN

Apr. 2	Price Yen	+ or —
[illegible]	[illegible]	[illegible]

SINGAPORE

Apr. 2	Price $	+ or —
[illegible]	[illegible]	[illegible]

SOUTH AFRICA

Apr. 2	Price Rand	+ or —
[illegible]	[illegible]	[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 1.30pm April 2

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices March 28

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Indices

NEW YORK—DOW JONES

	April 2	April 1	March 29	March 28	March 27	March 26	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	1,275.29*	1,272.75	1,286.75	1,269.71	1,264.91	1,259.72	1299.36 (1/3/85)	1086.57 (24/7)	1299.36 (1/3/85)	41.22 (2/1/32)
Transport	602.56*	602.52	603.08	600.09	599.53	595.86	635.30 (1/3/85)	444.03 (25/7)	635.30 (1/3/85)	12.33 (8/7/32)
Utilities	154.85*	154.13	153.01	152.85	151.36	150.16	154.13 (1/4/85)	122.25 (15/5)	163.72 (20/4/69)	10.6 (28/4/42)
Trading vol		89m	101m	88m	101m	89m	—	—	—	—

	Mar 22	Mar 15	Mar 8	Year Ago (Approx)
Ind Div Yield %	4.82	4.89	4.81	4.79

STANDARD AND POORS

	April 2	April 1	March 29	March 28	March 27	March 26	1984-85 High	1984-85 Low	Since Compilation High	Since Compilation Low
Industrials	202.59*	202.25	201.67	200.43	200.42	185.13	205.15 (1/3/85)	167.74 (24/7)	205.15 (1/3/85)	3.62 (30/6/32)
Composite	181.85*	181.27	180.66	179.54	179.55	178.43	183.35 (13/2/85)	147.82 (24/7)	183.35 (13/2/85)	4.40 (1/6/32)

	March 27 March 20	March 13		Year Ago (Approx)
Ind div yield %	388	3.M	3.90	3.87
Ind. P/E Ratio	11.14	11.11	11.86	12.25
Long Gov Bond Yield	11.77	11.84	11.83	12.37

N.Y.S.E. ALL COMMON / RISES AND FALLS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

New York Active Stocks

Stocks Traded	Closing Price	Change on Day
[illegible]	[illegible]	[illegible]

TORONTO

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Indicates pre-close figure

World Indices

	Apr. 0	Apr. 1	Mar. 29	Mar. 28	1984-85 High	1984-85 Low
AUSTRALIA All ord. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Metals & Minls. (1/1/80)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AUSTRIA Credit Aktien (2/1/62)	14.25	16.16	76.71	76.17	[illegible]	[illegible]
BELGIUM Brussels SE (1/1/80)	2261.49	2249.70	2262.66	2284.56	—	—
DENMARK Copenhagen SE (3/1/83)	188.05	(u)	178.02	178.92	[illegible]	[illegible]
FRANCE CAC General (31/12/82)	210.6	211.4	211.0	211.0	[illegible]	[illegible]
Ind Tendance (28/12/84)	116.6	115.1	115.4	115.6	[illegible]	[illegible]
GERMANY FAZ Aktien (31/12/58)	[illegible]	408.72	408.8	408.48	[illegible]	[illegible]
Commerzbank (1/12/53)	1195.0	[illegible]	1160.6	1181.0	[illegible]	[illegible]
HONG KONG Hang Seng Bank (31/7/64)	[illegible]	[illegible]	1382.04	1302.90	[illegible]	749.02
ITALY Banca Comm Ital. (1972)	264.66	268.54	271.46	272.85	[illegible]	[illegible]
JAPAN** Nikkei-Dow (16/5/49)	12629.6	12677.1	12580.78	12604.0	[illegible]	[illegible]
Tokyo SE New (4/1/68)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NETHERLANDS AHP-CBS General (1970)	204.8	202.8	202.7	204.0	[illegible]	[illegible]
AHP-CBS Indust (1970)	185.7	185.0	184.8	185.5	[illegible]	[illegible]
NORWAY Oslo SE (4/1/83)	311.63	[illegible]	304.8	301.82	[illegible]	[illegible]
SINGAPORE Straits Times (1966)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SOUTH AFRICA Gold (1958)	(u)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial (1958)	(u)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN Madrid SE (30/12/84)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN Jacobson & P (1/1/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWITZERLAND Swiss BankCpn. (31/12/58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD Capital Intl. (1/1/70)	—	203.0	[illegible]	[illegible]	[illegible]	[illegible]

** Saturday March 30: Japan Nikkei-Dow 12,590.2, TSE 998.08.

Base value of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 32

Don't get us wrong, we have nothing against giant computer companies. In fact, we work quite happily alongside them.

It's just that by virtue of their size, they can't always be as flexible as they should be. That's where we come in.

At Information Technology Limited we go beyond rigid, ready-made solutions. Instead, we design, build and support effective, easy-to-use systems that meet our clients' needs.

With the least disruption and waste of existing computer installations.

Our clients include Lloyd's Bank, Pilkington Brothers plc., Landrover, British Telecom and British Rail.

Not to mention local government.

And even other computer companies.

Our products include an advanced communications network linking voice, image, text and data.

"I thought I'd play it safe by going for the big boys."

A range of fault-tolerant super-minicomputers. A processing system for the instant sharing of information. And more.

To find out exactly what Information Technology Limited can do for you, just contact us at the address or phone number below.

And play it even safer.

ITL Information Technology Limited

More flexible than the average giant.

INFORMATION TECHNOLOGY LIMITED. 111 CHERTSEY ROAD, WOKING, SURREY GU21 5BW. TELEPHONE: (04862) 28171.

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 30

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES

Alida Hldgs	195	+ 9
Allied Textile	570	+ 140
Banro Inds.	111	+ 21
BP	550	+ 13
British Tel	143	+ 3
Bristol	221	+ 5
Carpets Int'l	59	+ 8
Christie's	608	+ 12
Comm Union	213	+ 8
Cookson	575	+ 10
Costain	356	+ 8
Debenhams	224	+ 9
Eastern Prod	393	+ 8
Eurotherm	353	+ 10
Evered	200	+ 7
Fitch Lovell	206	+ 9
Home Charm	314	+ 14
ICI	771	+ 13
Johnston	180	+ 18
Pearson	310	+ 13
Sainsbury	320	+ 5
Shell Trans	725	+ 11
Willis Faber	680	+ 23
Wills (George)	160	+ 9
Wimpey (George)	106	+ 6

FALLS

Tr 2½% IL 2003	£99½	– £⅛
Logica	278	– 14
Reardon Smith	17	– 7
Sedgwick	375	– 9
Stew Wright	599	– 13

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 29

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

LONDON STOCK EXCHANGE

MARKET REPORT

International stocks lead first positive advance for nine trading sessions

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar 25	Apr 11	Apr 12	Apr 22
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20

* " New-time " dealings may take place from 9.30 am two business days earlier.

International and U.S.-related stocks attracted revived inquiry yesterday and led London equities positively higher for the first time in nine trading sessions. Sentiment overall benefited from Wall Street's confident tone overnight but there was little doubt that the main stimulus was the dollar's rally against sterling and other European currencies. The Chancellor's comments on recent interest rate developments were another help.

Equity business generally continued to be affected by holiday considerations — the London Stock Exchange will be closed on Good Friday and Easter Monday — but specialist activity was sufficient to colour proceedings. Most interest was generated by a fresh spate of trading statements or other newa items. The proposed merger of Sedgwick, Britain's largest indepeodent insurance broker, with tha Fred S. James arm of Transamerica Corporation was of major importance.

Sedgwick volatile

Through a combination of currency influences and reoewed American support, double-figure gains were mada by leading overseas earners ICI and British Petroleum, while Grand Metropolitan and BAT Industries both achieved above-average rises. Helped by the strength of the three first-named, the FT Ordinary share index rose 5.6 to close at the day's highest of 969.4.

Government securities were again swayed by the movement in sterling. Trade was light with investors sligbtly confused by the continuing reluctance of both Barclays and Midland Bank to follow the other clearers move in reducing borrowing charges. Final losses among cooventional Gilts were small but heavier in index-linked stocks. These encountered fresh selling and, with little genuine offtake at present, prices sustained falls ranging to narly a point.

Following dtails of the proposed merger with Transamerica's subsidiary, Fred S. James, dealings were resumed in Sedgwick at 2.40 pm and the shares advanced to 398p, compared with the 9.30 am suspension price of 384p, before closing 9 lower on balance at 375p. Stewart Wrightson's annual results were deemed satisfactory, but the price fell 13 to 599p following the subsequent announcement that Mercury Securities had placel its entire 29.3 per cent stake in tha Lloyds broker with various institutions at 575p per share; Mercury rose 18 to 428p. Elsewbere, the dollar's recovery helped Willis Faber put on 23 to 680p and C. E. Heath rise 6 to 628p. Among Composites, Commercial Union gained 8 to 213p, after 215p on a chart "buy" signal together with revived takeover gossip. Sun Alliance improved 5 to 480p awaiting today's preliminary figures.

Barclays were quoted ex the rights issue and ended 6 higher at 374p; the new oil-paid shares opened at 215p premium and closed at 223p premium. Other clearers were idle, but Hongkong and Shanghai moved up 5 to 93p on Far-Eastern infloences.

Matthew Brown rose 5 to 448p —3 above the offer terms from Scottish and Newcastle, a penny dearer at 130p.

The Government guidelines for a Channel link and the invitations to companies to submit schemes, enlivened inteerst in selected construction issues. Costain were favoured at 356p, up 8, while Tarmac improved 12 to 522p. Geo. Wimpey were also wanted and put on 6 to 106p; the preliminary figures are due on April 25. Bajau stake news left Turriff a conple of pence dearer at 340p.

Helped by currency influences, ICI improved 13 to 771p, while Alida Holdings, still reflecting tha preliminary figures, advanced 9 further to 195p. Fresh bid speculation left H. Cory up 5 more at 52p, after 53p.

Debenhams up again

For the second successive trading session, proceedings amoog leading Stores centred on Debenhams which responded to bullish notices emanating from a broker's luncb and advanced 9 for a two-day gain of 12 to 224p. Other issues were active, but little changed. Mail-orders, depressed on Monday by the threat of industrial disruption of postal services, rallied following the provisional return to work at London's Mount Pleasant sorting office. Freemans closed 4 higher at 202p, while Empire, which announced doubled preliminary profits, hardened 2 to 100p. Buyers showed renewed enthusiasm for Home Charm, 14 up at 314p, but Sumrie Clothes lacked support and dipped 8 to 44p.

Cable and Wireless revived with a rise of 13 to 515p following tha announcement that a fibre optic cabla telecommunications link between Hong Kong and ona of China's major cities was under discussion with the Chinese authorities. Renewed institutional support helped British Telecom pick up 3 at 143p, while Plessey put on 4 to 194p. Elsewhere, Eurotherm gained 10 to 353p in response to favourable reports emanating from a broker's lunch with the company. Thermal Scientific put on 10 to 245p and CASE sdded 12 at 289p. Logica, on the other band, fell 14 to 278p after the results and news of the groop's acquisition of a 50 per cent stake in Geenral System Spa, an Italian software and systems company. Rotaflex gave up 6 more to 174p on further consideration of the results.

Leading Engineers were inclined harder in line with the general trend. Elsewbere, Banro Industries featured a jump of 21 to 111p on the increased offer from C. H. Industrials, while Birmid-Qualcast, still reflecting bid bopes, advanced 2½ more to 87½p. Bullough rallied 4 to 255p and Wadkin moved up 7 to 137p in belated response to recent reports of a surge in machine tool orders. Press comment on the preliminary figures prompted a rise of a couple of pence to 82p in Planet Group.

J. Sainsbury, 6 better at 320p, continued firmly in an uninspired Food sector. Associated Dairies improved 4 to 162p and Tate and Lyle hardened a couple of pence to 427p. Fitch Lovell reflected takeover speculation with a gain of 9 at 206p.

Pearson rise

Miscellaneous industrial leaders were relatively quiet, but most internatiooal stocks were inclined harder. Elsewhere in the sector, a lengthy list of company trading statements kept traders busy. Pearson responded to the annual results and proposed one-for-one scrip issue with a rise of 13 to 718p, while Christies International, also on preliminary figures and bonus issue news, advanced to 615p before settling 12 to the good at 608p. Others to respond to annual results included Eastern Produce, 6 higher at 393p, Pritchard Services, 6 dearer at 94p, Johnston Group, 18 higher at 180p, and Evered, 7 better at 200p. Stag Furniture, in contrast, fell 5 to 48p on tha reduced dividend and profits, while Aaronson eased a couple of pence to 97p on the proposed £5.5m rights issue. Cookson, awaiting today's full-year statement, put on 10 more to 575p and Geo. Wills, still reflecting recent figures, rose 9 more to 160p.

Television Services cheapened 5 to 230p despite the increased dividend and sharply higher annual profits. Elsewhere in Leisures, Central TV gave up 4 at 183p and LWT relinquished 7 to 228p.

Dealings in Manor National, suspended on Monday ahead of the news that tha bid from C. D. Bramall has been shelved, resumed yesterday at 10½p; Bramall were unchanged at 140p.

Leading Properties drifted lower for want of support. Land Securities eased 2 to 290p and MEPC cheapened 3 at 305p. Elsewhere, Apex put on 5 to 120p and HK Land rose 4 to 54½p.

P & O Deferred touched 351p before closing 3 up on balance at 348p following the announcement of a joint venture with New York-based Overseas Shipholding Group. Ocean Transport, widely suggested as a possible takeover target for P & O, rose 4 more to 191p. Reardon Smith, on the other hand, encountered renewed selling and fell 7 to 17p, with the A shares 4 off at 6p.

Allied Textile provided the session's outstanding feature, attaining a new peak of 580p before settling a net 140p higher at 570p following the surprise share-exchange bid from London and Midland Industrials, 2 dearer at 189p. Elsewhere in Textiles, investors displayed fresh enthusiasm for carpet stocks, aided by recent encouraging company trading statements. Carpets International rose 6 to 59p, while Hugh Mackay closed 6 up at 92p. Albert Martin, annual results due today, hardened a couple of pence to 59p.

Among Tobaccos, Bats, helped by the stronger dollar, rallied 5 to 335p; the company is to seek a purchaser for its Mardon Packaging business.

Oils advance

The recent subdued trend in the oil majors, caused by the sustained strength of sterling over the past week, was reversed by the rally in the dollar. American buyers returned to the sector in force and demand caught dealers short of stock. BP were particularly strong and moved up 13 to 550p, helped by wbispers of an oil discovery off the coast of China, while Shell advanced 11 more to 725p for a two-day rise of 19. Britoil were well supported and settled 6 higher at 221p and Enterprise rose 4 to 201p. Traders reported another heavy two-way business in Tricentrol which touched a 1984-85 high of 240p before profit-taking left the shares a net 3 easier at 235p. Talk of a rights issue accompanying today's interim profits announcement failed to unsettle LASMO, finally unaltered at 348p. Ultramar cootinued firmly and closed 5 up at 243p.

A number of the Irish issues revived with Bryson 10 better at 125p and Eglinton 5 grmer at 60p.

Among Overseas Traders, James Finlay rose 7 to 147p amid fresh rumours that John Swire is set to dispose of its near-29 per cent in the company.

Golds dip and rally

The overnight decline in precious metal prices in the U.S. was followed by a similar fall in the bullion price in London; tha metal which dropped over $11 an ounce in New York to $318.40 fell further during London trading but rallied to end the day a net $2 easier at $319.125.

Gold shares reflected this trend initially with jobbers marking prices sharply lower in the face of persistent small selling. However, the impact of a firm dollar cushioned the extent of the losses in sterling terms and a late rally enabled sterling-denominated quotations to end the day only marginally easier on balance.

The Gold Mines index was left showing a 1.3 fall to 506.2.

Falls among the top-quality Golds rarely exceeded a point—losses in the main were confined to around ½ — and a handful of stocks managed minor gains on balance. Winkelhaak improved ½ to £27¾ and Libanon a like amount to £19½.

Financials were mixed and generally subdued. In the South Africans Gold Fields of South Africa dipped ⅛ to £13⅛ and "Amgold" lost £1 to £72¼. UK-domiciled issues suffered from lack of interest with the exception of Rio Tinto-Zinc which continued to lose ground ahead of the preliminary results expected shortly and dropped 5 more to 643p, a two-day decline of 17.

Easier metal prices reversed the recent upsurge in Sydney and Melbourne markets and prompted a similar trend in the London market for Australians.

The second-line speculative issues were especially vulnerable, with Whim Creek closing 6 cheaper at 156p, Australian Consolidated Minerals 4 down at 41p and Carr Boyd a like amount off at 65p. Metana gave up 6 to 138p. The leading "down-under" Golds proved resilient, however, with Central Norseman posting a 5 gain at 408p.

Business in Traded Options improved slightly but, with 5,011 contracts done, volume was still well short of recent levels. Much of the day's activity centred on takeover favourite Commercial Union which attracted 1,439 calls, the April 200's and 220's accounting for 317 and 318 contracts respectively; CU also recorded 415 puts. The short Gilt contract was also relatively lively with 142 calls struck, 120 in the May 98's.

FINANCIAL TIMES STOCK INDICES

	Apr. 2	Apr. 1	Mar. 29	Mar. 28	Mar. 27	Mar. 26	year ago
Government Secs	80.87	80.95	81.21	81.10	81.06	80.78	82.56
Fixed Interest	85.46	85.49	85.53	85.57	84.69	84.63	86.56
Ordinary	969.4	963.8	964.3	978.1	979.3	983.0	858.2
Gold Mines	506.2	507.5	515.3	506.5	502.1	500.2	658.7
Ord. Div. Yield	4.66	4.70	4.71	4.64	4.61	4.45	[illegible]
Earnings, Yld.% (full)	11.72	11.71	11.75	11.63	11.52	11.43	10.01
P/E Ratio (net) (*)	10.59	10.41	10.43	10.58	10.59	10.66	12.01
Total bargains (Est.)	23,412	29,777	25,513	26,667	26,966	26,697	31,012
Equity turnover £m.	—	390.57	335.41	433.00	359.59	342.66	373.83
Equity bargains	—	23,461	22,527	23,527	24,002	24,586	26,640
Shares traded (ml)	—	188.4	187.5	237.7	181.2	184.8	163.0

10 am 968.2, 11 am 967.8, Noon 967.6, 1 pm 967.6, 2 pm 967.5, 3 pm 968.3.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest Index 01-246 8026. *Nil=10.08.

HIGHS AND LOWS

	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.77 (9/1/84)	74.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/3/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1094.5 (22/1/85)	755.3 (25/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (9/3/84)	438.6 (25 1/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Apr. 1	Mar. 29
Daily Gilt Edged Bargains	165.7	148.5
Equities Bargains	166.0	146.4
Value	667.3	677.2
5-day Average Gilt Edged Bargains	157.1	155.6
Equities Bargains	155.5	156.3
Value	721.5	724.5

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Apr 1	Apr 12	July 11	July 22
Apr 22	May 3	July 25	Aug 5
May 7	May 17	Aug 8	Aug 19

For rate indications see end of Share Information Service

Call options were taken out in Eglinton Oil and Gas, Thomas Robinson, C. H. Bailey, Highland Participants, United Guarantee, Nimslo, Selincourt, New London Oil, Harold Ingram, Security Tag, RHM, Johnson and Firth Brown, Tricentrol, Inter-City, Oceonics, Southwest Resources, Combined Technologies and Equity and Law Life. Puts were struck in Chloride, Ladbroke and AE. No doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Access Satellite	115	+11
Allied Textile	570	+140
BAT Inds	335	+5
BP	550	+13
Bryson Oil and Gas	125	+10
Commercial Union	213	+8
Eastern Produce	393	+6
Glaxo	101⅞	[illegible]
Hanson Trust	208	+2
HK & Shanghai Bank	93	+5
Pritchard Services	94	+6
Wedgwood	197	+6

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Oceonics	25	115	+26
New Lond. Oil	21	210	—
ICI	20	758	−3
Bentalls	18	67	+24
Shell Trans.	14	714	−11
BAT Inds	12	330	+7
Bullough	12	†186pm	−34
Brmec	12	277	−17
Hanson Trust	12	206	−4
Pearson	12	705	−2
RTZ	12	648	−12
Woolworth	12	777	−3
Cable & Wire	11	502	+3
Thorn EMI	11	405	+12

† Nil-paid

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	70	32
Corpns. Dom. and Foreign Bonds	2	18	57
Industrials	294	281	865
Financial and Props.	122	104	318
Oils	24	24	70
Plantations	1	1	15
Mines	25	72	76
Others	120	32	63
Totals	559	608	1,499

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (45)

BRITISH FUNDS (1) Treas. 3pc 1985

BUILDINGS (2) Access Satellite, Lafarge Coppee

CHEMICALS (4) Alida Hldgs., Hickson Intl., Cory (Horace), Wolstenholme Rink

STORES (5) [illegible]

ELECTRICALS (5) [illegible]

ENGINEERING (7) [illegible]

INDUSTRIALS (6) [illegible]

INSURANCE (3) [illegible]

LEISURE (1) [illegible]

PAPER (2) [illegible]

SHIPPING (1) [illegible]

TEXTILES (4) [illegible]

TRUSTS (3) [illegible]

NEW LOWS (25)

AMERICANS (1) [illegible]

CANADIANS (1) [illegible]

BUILDINGS (1) [illegible]

STORES (1) [illegible]

ELECTRICALS (2) [illegible]

ENGINEERING (1) [illegible]

FOODS (2) [illegible]

INDUSTRIALS (3) [illegible]

PAPER (1) [illegible]

PROPERTY (2) [illegible]

TEXTILES (1) [illegible]

OILS (2) [illegible]

OVERSEAS TRADERS (1) [illegible]

MINES (4) [illegible]

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+or–	Net Div.	Times covered	Gross Yield	P/E Ratio
[illegible]					Assoc. Steel Dist. £1	165					
[illegible]					BTS 10p	[illegible]					
[illegible]					Bedford (William) 5p	[illegible]					
[illegible]					Crown Int'l Prod 5p	[illegible]					
[illegible]					Cullen's Hldgs 10p	[illegible]					
[illegible]					German Small. Wrrts	[illegible]					
[illegible]					Hilldown Hldgs. 10p	[illegible]					
[illegible]					Laidlaw Thomson	[illegible]					
[illegible]					Mann 20p	[illegible]					
[illegible]					Mayhew Foods 10p	[illegible]					
[illegible]					New London Oil 5p	[illegible]					
[illegible]					Pacific Assets Tst.	[illegible]					
[illegible]					P.A.O. Warrants	[illegible]					
[illegible]					Peps 10p	[illegible]					
[illegible]					Plantation Tst Units	[illegible]					
[illegible]					RKA Warrants	[illegible]					
[illegible]					Sangers	[illegible]					
[illegible]					Sime Catering 5p	[illegible]					
[illegible]					Synapse Comp. 5p	[illegible]					

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price £	+or–
[illegible]					African Dev. Bank 11¼% Ln. 2010	[illegible]	
[illegible]					Bournemouth ...	[illegible]	
[illegible]					Falkstowe Dock Prf. Units	[illegible]	
[illegible]					Int-Am. Dev. Bk. ...	[illegible]	
[illegible]					Mid Kent Wtr. 13¾% Red. Deb.	[illegible]	
[illegible]					Mid Southern Wtr. ...	[illegible]	
[illegible]					Mid-Sussex Wtr. ...	[illegible]	
[illegible]					Nationwide Bldg. Soc. ...	[illegible]	
[illegible]					P. & O. ... Conv. ...	[illegible]	
[illegible]					REA Hldgs. ...	[illegible]	
[illegible]					Sheafbank ...	[illegible]	
[illegible]					Spain (Kingdom of) 11¼% Ln 2010	[illegible]	
[illegible]					Sweden 11¼% Ln. ...	[illegible]	
[illegible]					Wigfall (H) 7% Cv.Cm. Prf. Rd.	[illegible]	

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price p	+or–
[illegible]					Acorn Computer 1p	[illegible]	
[illegible]					Barclays £1	[illegible]	
[illegible]					Bestobell	[illegible]	
[illegible]					Bibby (J.) 50p	[illegible]	
[illegible]					Bullough	[illegible]	
[illegible]					CSR A$1	[illegible]	
[illegible]					FKI Electricals 10p	[illegible]	
[illegible]					Glass Glover	[illegible]	
[illegible]					Lyle Shipping Prefd.	[illegible]	
[illegible]					Mitchell Cotts	[illegible]	
[illegible]					Morgan Crucible	[illegible]	
[illegible]					R.E.A. Hldgs.	[illegible]	
[illegible]					Ryan Intl.	[illegible]	
[illegible]					Sangers	[illegible]	
[illegible]					Trafalgar House 20p	[illegible]	
[illegible]					United Biscuits	[illegible]	
[illegible]					Worthington (A. J.)	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues April 2 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	Mon April 1 Index No.	Fri March 29 Index No.	Thurs March 28 Index No.	Wed March 27 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (206)	544.61	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (29)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Electronics (36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (180)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household Products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31 Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 OTHER GROUPS (97)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Chemicals (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Shipping and Transport (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Miscellaneous (60)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Telephone Networks (2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (483)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX (500)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (115)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance (Brokers) (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (50)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (106)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (739)	620.15	+0.6	—	4.58	—	616.99	616.26	620.53	620.92	517.06

	Index No.	Day's Change	Day's High	Day's Low		Mar 1	Mar 29	Mar 28	Mar 27	Year ago
FT-SE 100 SHARE INDEX	1286.8	+8.5	1286.9	1280.6	—	1278.3	1277.0	1287.1	1288.8	1113.6

FIXED INTEREST

PRICE INDICES	Tues April 2	Day's change %	Mon April 1	xd adj. today	xd adj. 1985 to date
British Government					
1 5 years	116.39	−0.07	116.47	—	[illegible]
2 5-15 years	127.95	−0.07	128.04	—	[illegible]
3 Over 15 years	135.60	−0.18	135.84	—	[illegible]
4 Irredeemables	148.05	—	148.05	—	[illegible]
5 All stocks	126.82	−0.08	126.92	—	[illegible]
6 Debentures & Loans	109.27	−0.22	109.51	—	[illegible]
7 Preference	77.19	—	77.19	—	[illegible]
8 All stocks (Index-linked)	109.78	−0.62	110.47	—	[illegible]

AVERAGE GROSS REDEMPTION YIELDS		Tues April 2	Mon April 1	Year ago (approx.)
British Government				
1 Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2	15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5	15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7 High Coupons	5 years	[illegible]	[illegible]	[illegible]
8	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]	[illegible]
11 Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12	15 years	[illegible]	[illegible]	[illegible]
13	25 years	[illegible]	[illegible]	[illegible]
14 Preference		[illegible]	[illegible]	[illegible]
BRITISH GOVERNMENT INDEX-LINKED STOCKS				
15 Inflation rate	5%	3.49	3.35	3.35
16	10%	3.22	3.17	3.17

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$380	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$319.00
GOLD C / P series	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
$/FL C / P series (June, Sept.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	FL3.55
£/$ C / P series	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$120.70
(Apr., Jul., Oct.) ABN, AEGON, AH, AKZO, AMRO, GIST, HEIN, HOOG, KLM, NEDL, NATN, PETR, PHIL, RD, ROBE, UNIL C / P series	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 16,675

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		CALLS Apr.	CALLS Jly.	CALLS Oct.	PUTS Apr.	PUTS Jly.	PUTS Oct.
B.P. (*550)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold (*589)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds (*144)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union (*214)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
G.E.C. (*183)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met. (*380)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
I.C.I. (*769)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Sec. (*290)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp. (*141)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Trans. (*725)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trafalgar Hse. (*356)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS May	CALLS Aug.	CALLS Nov.	PUTS May	PUTS Aug.	PUTS Nov.
Imperial Gp. (*188)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO (*348)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho (*174)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P. & O. (*361)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Racal (*206)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R.T.Z. (*644)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vaal Reefs (*$96)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ex. 10% 1999 (*£94)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BAT Inds. (*335)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays (*372)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Telecom (*143)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		CALLS June	CALLS Sept.	CALLS Dec.	PUTS June	PUTS Sept.	PUTS Dec.
BTR (*587)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beecham (*365)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots (*157)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
De Beers (*$5.13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GKN (*225)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hanson (*210)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jaguar (*305)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*247)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Index (*1286)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Apr. 2, Total contracts 5,011. Calls 3,449. Puts 1,562.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984-85 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98½	93¼	Treas 3pc 1985	98½	+⅛	[illegible]	13.07
102⅞	99½	Treas 11½pc 1985	99½	.....	[illegible]	13.18
99¾	96⅛	Treas 8¼pcCnv '85	98⅜	.....	[illegible]	12.65
104⅛	99⅜	Exch. 12¼pc 1985	99¾	+⅛	[illegible]	12.24
103½	99⅛	Exch. 11¼pc '86	99½	.....	[illegible]	11.77
102⅛	96⅛	Treas. 10pcCnv 1986	98⅝xd		[illegible]	11.75
94⅛	88¼	Treas 3pc 1986	93⅛	−⅛	[illegible]	9.26
102	96¼	Exch. 10½pc Cv '86	98⅝	+⅛	[illegible]	11.82
104⅛	99⅛	Treas 12pc 1986	100		[illegible]	11.94
98¼	93½	Treas 8½pc 1984-86‡‡	96¼	−⅛	[illegible]	11.74
108⅛	102⅛	Exch. 14pc 1986	102½xd	.....	[illegible]	11.93
89¼	85	Exch. 2½pc 1986	89¼	.....	[illegible]	9.75
107½	100⅛	Exch. 13¼pc 1987	102⅞	−⅛	[illegible]	11.78
100⅞	94½	Treas 10¼pcCv '87	97⅛	+⅛	[illegible]	11.79
87¼	83½	Exch 2½pc 1987	87¼	.....	2.85	9.72
101⅛	94½	Exch. 10½pc 1987	97⅛xd		10.72	11.68
92¼	87	Funding 6½pc '85-87‡‡	91⅛xd	−⅛	7.11	11.30
99⅝	92⅞	Treas. 10pc 1987	96⅛	−⅛	10.36	11.80
86¼	81⅛	Treas 3pc 1987	86⅛	+⅛	3.48	9.91
105	97¼	Treas. 12pc 1987	100⅝xd	−⅛	11.93	11.72
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	91⅞	−⅛	8.44	11.17
100¾	92½	Exch 10½pc '85	97⅝	−⅛	10.61	11.63
90⅛	89½	Treas 9¾pc Cv '88	94⅞	−⅛	10.28	11.69
83½	77	Transport 3pc '78-88	82⅞	.....	3.62	9.22
96⅛	88⅛	Treas. 9½pc '88	93⅛xd	−⅛	10.15	11.77

AMERICANS—Cont.

1984-85 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
[illegible]	14½	Amer Medical Int £1	21⅞	+⅛	[illegible]	—	2.4
[illegible]	20¾	Amer. Nat. Res. $1	53½	+⅝	[illegible]	—	2.2
[illegible]	10⅝	American T. & T. $1	17⅞	+¼	[illegible]	—	5.7
[illegible]	43⅛	Ameritech $1	68¼	+1¼	[illegible]	—	7.5
25	15½	Amfac	21⅝	+¼	[illegible]	—	5.7
47p	16½p	♦Arid Tech	37½p	.....	—	—	—
[illegible]	10⅛	BankAmerica $1.5⅝	15⅝	+⅛	[illegible]	—	8.4
[illegible]	27½	Bankers N.Y. $10	53¼xd	+1½	[illegible]	—	4.3
[illegible]	91p	BASIX Corp.	970p	−9	[illegible]	—	—
[illegible]	46⅛	Bell Atlantic $1	69	+1¼	[illegible]	—	8.4
[illegible]	19½	Bellsouth $1	29⅛xd	+⅛	[illegible]	—	7.6
[illegible]	12	♦Beth Steel $8	14⅞	+⅛	[illegible]	—	2.2
24	11⅞	Bowater Inc.	18	+⅛	[illegible]	—	5.4
40⅛	19⅝	Brown'g-Fer. 16⅔c	36⅞	+1⅛	[illegible]	—	2.5
37⅛	16⅝	Brunswick Corpn.$	30⅞	+⅞	[illegible]	—	2.8
875p	405p	♦Business Computer	425p	+20	—	—	—
39⅞	24⅛	CPC (Intl.) 25c	34⅛xd	+⅛	[illegible]	—	5.5
25	14⅛	CSX Corp U.S.$1.00	19⅞	+1	[illegible]	—	4.5
16⅛	10⅛	CalFed Inc $1.00	15⅝	.....	[illegible]	—	1.7
65⅛	39⅛	Campbell Soup 60c	68	+1¼	[illegible]	—	3.6
36½	24⅛	Caterpillar Tractor$	27⅛xd	+⅞	[illegible]	—	1.6
127⅛	643p	Centrgy Corp. 25c	722p	+8		—	—
52⅛	27⅛	Chase M'htn $12.5	42⅞	+⅞	[illegible]	—	7.3
38⅛	17⅛	Chemical New York	31	+⅛	[illegible]	—	6.3
34½	22⅞	Chesebrough-Pond's $1	26⅛	+⅛	[illegible]	—	6.2
32⅛	15½	Chrysler $6¼	29⅞	+⅛	[illegible]	—	2.9
42⅛	19⅞	Citicorp $4	35½xd	+⅛	[illegible]	—	5.4
23½	14⅛	Colgate-P. $1	20⅛	+⅛	[illegible]	—	5.4
57⅞	35⅛	Colt Inds. $1	48⅞	+⅛	[illegible]	—	4.4
34½	17	Cons. Foods $1⅓	31¼	+⅛	[illegible]	—	3.6
155p	43½p	Cont Illinois Hldgs £1	100p	+18½	—	—	—
275p	100p	♦Corporate Data Scnce	210p	+10	—	—	—
36⅛	20⅛	Crown Zell. $5	34⅞	+½	[illegible]	—	2.5
29⅞	9¼	Cullinet Sftwr $0.1	23⅞	+½	—	—	—
711p	321p	Damson Oil 40c	392p	+15	—	—	—
28⅛	15⅛	Data Corp. $1	23	+⅛	[illegible]	—	4.8
62	27⅞	Data General	36⅝	−⅛	—	—	—
118p	33p	♦Derma-Lock Medicl	35p	+2	—	—	—
67	54⅛	Dun & Bradstreet $1	59	+⅛	[illegible]	—	2.7
55½	27⅞	Eaton Corpn. 50c	43xd	+1	[illegible]	—	2.4
46½	24⅞	♦Exxon$	41⅞	+⅛	[illegible]	—	7.0
20⅛	10	FPL Group $0.01	19⅞	+⅛	[illegible]	—	0.3
17⅛	331p	Fin. Corpn. Amer. 50c	609p	+48	[illegible]	—	4.8
23⅛	13⅞	First Chicago $5	17⅞	+⅛	[illegible]	—	6.3
17⅞	11⅞	Fluor Corpn. 62½c	15⅞xd	+½	[illegible]	—	2.2
45⅛	23⅛	Ford Motor $2	35⅛	+⅛	[illegible]	—	4.8

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING—Continued

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

ENGINEERING

[illegible]

INDUSTRIALS—Continued

INSURANCES

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Φ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‖ Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

B Fr. Belgian Francs. Fr French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Albany Inv 20p	102	.....	Arnott	178	.....
Craig & Rose £1	£10	..	CPI Hldgs	57	.....
Finlay Pkg. 5p	62	...	Carrol Inds.	109	.....
Higsons Brew	118	...	Dublin Gas	52	.....
Holt (Jos) 25p	790		Hall (R. & H.)	47½	.....
IoM Stm. £1	123	-2	Heiton Hldgs.	16½	.....
IRISH			Irish Ropes	39	..
Exch. 12% 1985	£99¾	.....	Jacob (W. & R.)	66	+1
Nat. 9¾% 84/89	£86¼	...	TMG	115	.....
Fin. 13% 97/02	£95	..	Unidare	84	.....

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds.	25	Brist. Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd.	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	20	Racal Elect	10	**Mines**	
Dunlop	6	RHM	11	Charter Cons	18
FNFC	8½	Rank Org Ord	32	Cons Gold	44
Gen Accident	45	Reed Intnl	50	Lonrho	14
Gen Electric	17	Sears	8	Rio T Zinc	56
Glaxo	85	TI	20		
Grand Met.	25	Tesco	20		
GUS 'A'	60	Thorn EMI	35		
Guardian	60	Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 39

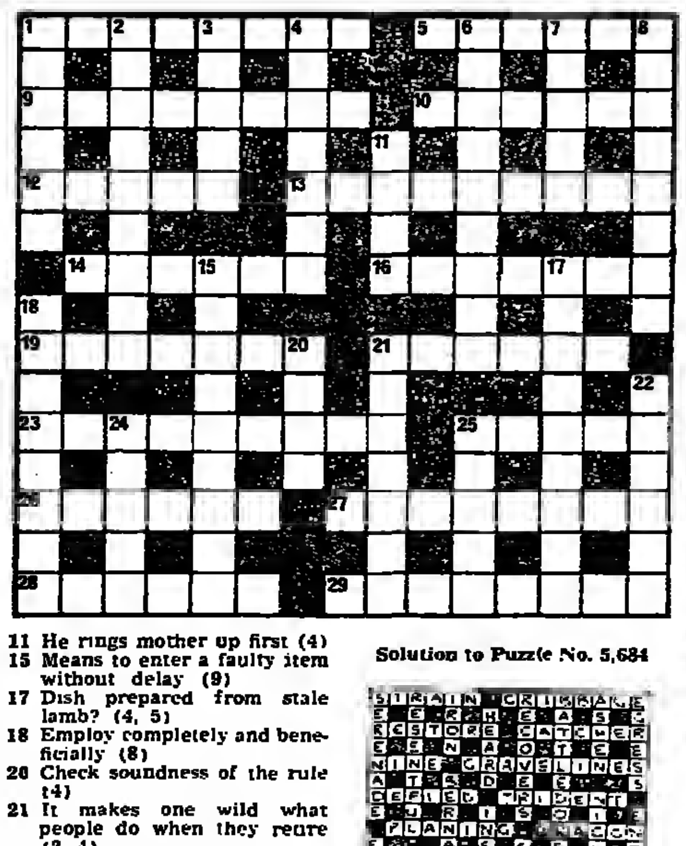
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,685



ACROSS

1 League match (8)
5 Encourages firms that are about to make drastic cuts (6)
9 Why we consult reference books, of course (2, 2, 4)
10 Business concern (6)
12 Dog that is scientifically famous (5)
13 Apprehensive of being shot? (6-3)
14 Note I'm unusually punctual (2, 4)
16 He will run away when the sun comes out (7)
19 He plans to no good purpose (7)
21 No expert singer? (6)
23 Inflowing currency (5, 4)
25 Explorer sailor in bed (5)
26 All the difference between life and death? (6)
27 Inarticulate singer likely to get his voice back (8)
28 The old-fashioned sign for old-fashioned farmers (6)
29 They should be able to identify any salts in a mixture (8)

DOWN

1 New act with hat and stick (6)
2 It has misleading passages (9)
3 Set sail on Eastern passage (5)
4 Blimey, Alec's capsized the boat (7)
6 A collection of service people, perhaps (9)
7 They can provide inside information about a complaint (1-4)
8 Watering plants always in season (8)
11 He rings mother up first (4)
15 Means to enter a faulty item without delay (9)
17 Dish prepared from stale lamb? (4, 5)
18 Employ completely and beneficially (8)
20 Check soundness of the rule (4)
21 It makes one wild what people do when they retire (3, 4)
22 Fumes capable of causing a lot of damage (6)
24 Excel in striking a note (5)
25 A fisherman will use many a spinner (5)

Solution to Puzzle No. 5,684

INSURANCE, OVERSEAS & MONEY FUNDS

Save & Prosper Group
28, Western Rd, Romford RM1 3LB. 0708-66966

Global Equity Fund (z)	93.7	99.2	+0.6	—
Bal. Inv. Fd.	357.9	379.5	+1.5	—
Property Fd.	299.3	316.9	...	—
Gilt Fd.	237.0	250.8	-0.3	—
Deposit Fd.‡	198.7	210.3	+0.5	—
Man. Pens. Fd.	64.5	68.3	+0.1	—
Equity Pens. Fd.	66.9	70.8	+0.3	—
Prop. Pens. Fd.	56.7	60.0	+0.2	—
A. G. Bond Fund (z)	72.9	77.2	+0.2	—
Dep Pen Fd‡	53.7	56.9	—	—
Gilt Pens Fd.	53.2	56.3	-0.2	—
Global Eq Pens Fd	73.3	77.6	+0.7	—

‡Weekly dealings.

Schroder Life Assurance Ltd.
Enterprise House, Portsmouth. 0705 827733

Equity, Fixed Interest, Managed, Deposit, Overseas, Property, American, Australian, European, Gilt & Fxd Int., Income Accum, Income Distrib., International, Japan Smlr Co's, Singapore & Malay, Smaller Co's, Tokyo, U.K. Equity, CCK Vanguard Mngd, Equity Pension, Fxd Int. Pension, Guaranteed Pens, Index-Linked Pens, Managed Pension, Deposit Pension, Overseas Pension, Property Pension, Special Ex Pension [illegible]

Prices are for Life Series 4 Accum; Pension Series C Accum April 2.

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

[illegible]

Prices quoted are for Accumulation units.

Transinternational Life Ins. Co. Ltd.
55-57, High Holborn, WC1V 6DU. 01-831 7481

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.	$21.92	—	-0.04	—

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.8	13.9	.....	3.10
Chinese Fund	58.2	60.6	.....	1.70
Precious Metal Fund	67.3	70.1	.....	0.50
Vanguard Cmty. Fd.	19.3	19.8	...	0.20
Financial Futures Fd.	32.1	33.5	.....	—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd.	$9.59	—	-0.08	—

Money Market Trust Funds

	Nom	CAR	Int. Cr	Notice
The Money Market Trust 62 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	13.53	14.11	6-mth	Call
7-day Fnd	13.51	14.17	6-mth	7-day
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	13.64	14.10	6-mth	Call
7-day Fund	14.23	14.73	6-mth	7-day
Dollar	7.87	8.02	6-mth	2-day
Money Mngt. Acct.	13.50	14.19	3-mth	Call

Money Market Bank Accounts

	Nom	CAR	Int. Cr	Notice
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.50	14.20	Qtr	Call
Mth. Int. Chq.	13.25	14.09	Mth	Call
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	13.00	13.80	Mth	Call
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	13.50	14.39	Qtr	Call
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2A 7SQL. 01-588 2777				
Cater Allen	13.00	13.80	Mth	Call
Charterhouse Japhet plc				

[illegible]

NOTES

[illegible]

COMMODITIES AND AGRICULTURE

Indonesia wants higher prices, but not too high, reports **Kieran Cooke**

A balancing act on rubber prices

INDONESIAN officials are under increasing pressure to take a tough stand at next month's Geneva negotiations on the International Rubber Agreement (INRA).

The agreement, in force since 1978, is designed to guarantee fair rubber prices at both consumers and producers.

But farmers and traders in Indonesia are unhappy. One trader said it would be better to have no agreement at all than the present situation. The trouble has been generally sluggish prices.

Indonesia, the world's second biggest rubber producer after Malaysia, says that for some weeks prices have been firmly lodged at the lower levels of the range agreed by INRA at about 176 Malaysian cents a kilo. They say this gives little or no profit to either farmers or traders and want it raised to at least a guaranteed 210 cents per kilo.

Mr Harry Tanugraha, who heads the Indonesian Rubber Association, says Indonesia has a stronger position than most countries, and should take a firm line in Geneva. Indonesia, he says, is the main guarantor of world supplies of rubber in future years.

Malaysia, which accounts for about 35 per cent of world rubber sales, is gradually turning to other more profitable and less labour intensive crops like palm oil and cocoa.

Thailand, the world's third biggest producer, is making similar moves and is also going into food crops. Other big Asian producers, like India and Sri Lanka, are faced with population pressures, while potential producers in South America have still not been able to cope with disease problems.

The World Bank and other organisations, including the Commonwealth Development Corporation, have meanwhile been encouraging Indonesia to plant more land with rubber.

Government plans call for an additional 645,000 hectares of rubber to be planted over the next four years, bringing the total area to 3.113m hectares by 1988. Already, massive tracts of land are being cleared and planted.

But Indonesia has always suffered from low productivity—at present average overall yields are about 410 kilos per hectare, or about 40 per cent below those in Malaysia. Traders say that the present low prices offer little incentive to spend capital on planting high yielding varieties and using more fertiliser.

Growers already complaining, and in some cases leaving trees untapped or planting with other more profitable crops, such as cloves. While Indonesia's rubber output continues to rise, with production last year put at 1.1m tons, many feel that INRA must be renegotiated to ensure better prices for producers and not just extended in its present form.

Traders feel that Indonesia holds many cards, and should use them. They say that if Indonesia does not continue to expand production, then in a few years world natural rubber prices could rise substantially—bad news for consumer countries.

On the other hand, if prices go up too much then there could be a big move into synthetic rubber — bad news for producers. "All we want is a fair, mid level price," says Mr Tanugraha, "and not the present situation where, even with wage levels here half those in Malaysia, we are still hardly making money."

But Indonesia cannot afford to be too tough at next month's INRA talks. The Government has not only an economic but also a social stake in expanding rubber production. At present, between 7m and 8m people, mostly on Indonesia's outer islands, are dependent on rubber for a living. Under Government plans, more than 100,000 families will benefit over the next five years by the expansion of areas planted to rubber. Expansion of rubber production is thus a vital ingredient in soaking up some of the 7m people due to come onto the Indonesian labour market over the next five years.

Also rubber has a key role in Indonesia's plans to lessen its dependence on oil and natural gas export revenues. By 1988 the government plans to export more than 1.5m tonnes of rubber. Last year nearly 50 per cent of exports went to the U.S.

More than 25 per cent to Singapore and under 10 per cent to West Germany. The Soviet Union and Japan. Significant trading breakthroughs were made last year to Eastern Europe, and Indonesia even concluded an export deal with North Korea.

Meanwhile, Indonesia's share of other non-traditional markets has been going up, mostly due to its counter purchase policies. For instance, Indonesia's share of the UK market went up last year to 9 per cent from only 2.5 per cent in 1983. But there are still quality and delivery problems.

Indonesia does however feel it deserves to be taken seriously as a major voice in the world of rubber and is likely to be putting its case strongly in Geneva next month.

THE 32-NATION International Natural Rubber Organisation began a two-day council meeting in Kuala Lumpur yesterday to discuss the appointment of a new bufferstock manager and extending the International Rubber Agreement.

The meeting appears to have run into difficulties over the appointment of the manager, with producers said to be reserved over the candidates, Mr Robert Sanders and Mr John Stenger, both of the U.S.

Producers have already rejected Mr Sanders in favour of Mr Harvey Adams, who is leaving in June, while Mr Stenger, aged 63, is felt to be too old.

However, producers and consumers agree on extending the INRA by two years to allow more time for talks in Geneva. These are expected to be tough, as there are wide differences over the price range, the size of the buffer-stock and producers demand for supply rationalisation measures.

During his visit last month to Europe, the Malaysian primary industries minister, Datuk Paul Leong, was told by senior EEC officials that the Community would continue to participate in the international rubber and tin agreements if there were minimal changes.

Values to rise slightly in short term, says study group

THE short-term outlook is for a gentle rise in natural rubber prices, according to the International Rubber Study Group (IRSG).

In its International Rubber Digest, the London-based IRSG says the balance of "bullish" and "bearish" factors has changed for the time being "with the former outweighing the latter."

Physical demand appears steady and the period of low production resulting from wintering, when tapping is reduced, is not yet over. "For some months rubber prices have been relatively low," the IRSG says, "and this could have a lagged effect on the intensity of tapping in some areas."

Late last month the International Rubber Organisation (INRO) indicator price reached 182.35 cents a kilo, the highest level for six months, almost 11 cents above the 1985 low and more than 5 cents above the point at which the INRO buffer stock manager is allowed to begin support buying, the IRSG points out.

"Real" factors had been causing prices to rise in all markets, it says. Early wintering, reduced supplies and demand was quite strong, particularly in the U.S.

The IRSG notes, however, that the momentum of the U.S. economy so far this year has created uncertainty about the future trend.

The Department of Commerce's flash estimate of a sharp downturn in the economy in the first quarter, although expected to be revised upwards, has added to doubts about continuation of recovery, it says.

"However, there is no uncertainty regarding the health of the vehicle industry. The top four manufacturers reported gains in sales for February and early March. The rates of sales in February was the best for six years."

The IRSG notes, however, that while Jpaan's industrial output declined in January domestic sales of vehicles in February were up on the same month last year. A similar pattern was seen in West Germany.

Nicaragua's cotton crop 'worst for years'

By Tim Coone in Managua

THE NICARAGUAN cotton harvest has been one of the worst for years, according to Sr Jaime Wheelock, the Agricultural Minister.

With about 90 per cent of the 115,000 hectare crop harvested, yields are 14-15 per cent down on expectations and exports can be expected to be around 320,000 bales against an original target of 400,000 bales. Most of Nicaragua's cotton is sold to Japan and Taiwan.

Marketing of cotton has been nationalised, and in announcing a 58 per cent increase in price to Nicaragua's cotton growers to compensate for the fall in output, Sr Wheelock said the state was protecting farmers against low world prices, whereas elsewhere they were going bankrupt.

The minister blamed poor weather and high winds for the fall in yield. However, foreign exchange shortages causing untimely insecticide applications and late harvesting also had a serious effect. Sr Wheelock said considerable boll weevil damage was caused between the last insecticide application and harvesting.

The harvest shortfall will mean the government will also have to import an additional 3,000-4,000 tonnes of vegetable oil this year, to make up a shortage of cotton seed oil on the local market.

The Government has promised consumers that cooking oil is one basic product that will not go into shortage this year, despite foreign exchange difficulties affecting the availability of a wide range of consumer items.

Foreign exchange bottlenecks have also hit the coffee and sugar harvests this year. The coffee harvest was 30 per cent below target and sugar exports are expected to be down by about 30,000 tonnes as a result of a rat plague in several large plantations on the Pacific coast.

LONDON MARKETS

THE LONDON coffee futures market maintained its recent firm tone yesterday as the continued weakness of sterling against the dollar helped the July position to rise another £14.50 to £2,262 a tonne.

Cocoa prices moved lower reflecting the easier tone in New York and the July position closed at £1,952.50 a tonne, down £21 on the day.

The firmness of the dollar tended to depress London sugar futures, which are quoted in dollars, and nearby positions moved two or three dollars lower.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Apr. 2 1985	+ or —	Month ago
Aluminium	£1100	....	£1100
Free Mkt	$1125/145	....	$1125/1145
Copper			
Cash h Grade	£1122.5	+37	£1263
3 mths	£1207.5	+34.5	£1288.75
Gold troy oz	$318	—2	$288
Lead Cash	£312	+7	£528.25
3 mths	£325.12	+5.87	£336.25
Nickel			
Free Mkt	259/269c	+1	252/262c
Palladium oz	$111.50	—1.00	$115
Platinum oz	$271.50	—2.75	$255
Quicksilvert	$285/295		$290/300
Silver troy oz	530.55p	+0.90	503.65p
5 mths	547.55p	+1.20	561.55p
Tin cash	£9754	+66.5	£10,137.5
5 mths	£2764	+67.5	£10,211.5
Tungsten	$77.70	+1	$70/66
Wolfram 22 04lb	$75/78	....	$74/77
Zinc	£804	+13.5	£841
3 mths	£732	+2.0	£814.75
Producers	$925	....	$900/948

	Apr. 2 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$830v	—20	$785
Palm Malayan	$775y	....	$595
SEEDS			
Copra Phil	$500w	....	$500
Soyabean (U.S.)	—	—	$239.2
GRAINS			
Barley Fut. Sep	£98.60	+0.10	£118.85
Maize	£151.5w	—0.5	£148.00
Wheat Fut. July	£125.55	—0.20	£117.45
No. 2 Hard Wint.	‡	...	‡
OTHERS			
Cocoa Ft. Jun	£1952.5	—21	£2146.5
Coffee Ft. May	£2252	+14.5	£2454.5
Cotton A Index	67.60c	....	57.45c
Gas Oil April	$229	—2.5	$225.75
Rubber (kilo)	65p	—0.5	66p
Sugar (raw)	113w	+3.50	$117
Wooltops 64s	432pkilo	....	015pkilo

‡ Unquoted. w April-May. x April. y May. v March April. † Per 76 lb flask. c Cents a pound.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1183-4	+32	1192-3	+36
3 months	1199-.8	+29	1208-.5	+34.5
Settlem't.	1184	+35	—	—
Cathodes.				
Cash	1183-4	+32.3	1121-4	+37.8
3 months	1157 8	+28	1207 8	+34.5
settlem't.	1184	+32	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1,183, 83.5, 84, 84.5, 85, three months £1,199, 1,200, 1,199.5, 99, 99.5, 1,200, 1,199.5, 99, 98.5, 98. Kerb: Higher Grade: Three months £1,200, 01, 02, 03, 04, 05. Afternoon: Higher Grade: Three months £1,205, 06, 07, 07.5, 08, 09, 08, 08.5, 09, 08, 08.5. Kerb: Higher Grade: Three months £1,207, 06, 06.5, 06. Turnover: 27,700 tonnes. U.S. Producers: 67-71 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9740-1	+71.9	9703-8	+66.5
3 months	9780.5	+87.5	9770-1	+65
Settlem't.	9741	+71	—	—
Standard.				
Cash	9740-1	+75.5	9753-5	+66.5
3 months	9740-1	+85.5	9700 5	+97.5
Settlem't.	9741	+71	—	—
Straits. E.	$29.55		—	—

Tin—Morning: Standard: High Grade: Cash £9,741, 40, three months £9,740, 50, 35, 40. High Grade: Three months £9,760, 60. Kerb: Standard: Three months £9,740. Afternoon: Standard: Three months £9,755, 60, 55, 60, 55, 52, 51, 52, 55, 53. Kerb: Standard: Three months £9,755, 60. Turnover: 1,415 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	515-.3	+14.6	011.5-2.0	+7
3 months	320-1	+12.2	020 .25	+5.87
Settlem't.	012.5	+13.5	—	—

Lead—Morning: Cash £311.25, three months £317, 17.5, 18, 19.5, 19, 20. Kerb: Three months £322, 23, 24, 25. Afternoon: Three months £324, 23.5, 23, 22.5, 22, 21, 20, 20.5, 20. Kerb: Three months £320, 21, 20.5, 20, 15. Turnover: 10,025 tonnes. U.S. Spot 19-22 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	802-4	+15.8	803-8	+13.5
3 months	741-.2	+5.75	738-40	+2.5
Settlem't.	804	+14	—	—

Zinc—High Grade: Official/Unofficial prices: Cash am £802-£804, pm £803-£805. Three months am £767-£770, pm £764-768. Settlement: £804. Morning: Three months £740, 39, 40, 41, 42. Kerb: Three months £743. Afternoon: Kerb: Three months £739, 38, 39. Turnover: 12,625 tonnes. U.S. Prime Western: 45.50-45.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	206-8	+16.7	906-8	+11.5
3 months	233.5-4	+15.2	233-4	+8.75

Aluminium — Morning: Cash £906, three months £929, 30.5, 33.5. Kerb: Three months £935, 36, 37. Afternoon: Three months £936, 37.5, 38, 37, 35, 34. Kerb: Three months £935, 34.5. Turnover: 15,175 tonnes.

GOLD

Gold fell $2 to $318¼-319½ on the London bullion market yesterday. It opened at $312-313½ and touched a low of $311½-313 in reaction to the rise of the dollar on the foreign exchanges. The market remained nervous throughout, but most of the limited trading was confined to the morning. The metal was fixed at $317 in the morning and $318½ in the afternoon. It touched a peak of $320-321½ around lunch time.

GOLD BULLION (fine ounce) Apr. 2

Close	$318¾-319½	(£263-263¾)
Opening	$312-313½	(£258-259¼)
M'n'g fix.	$317.00	(£251.120)
Aft'n'n fix.	$318.75	(£200.866)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$029 500	(£271¼-272½)
½ Krug.	$152¼-170	(£132¾-140¼)
¼ Krug.	$86 90¼	(£71-72)
1/10 Krug.	$35-00¾	(£29 29¾)
Mapleleaf	$329 530¼	(£275 274)
New Sov.	$79 70¼	(£62¼-05¼)
½New Sov	$45¼-40	(£37½-38¼)
Old Sov.	$75-70½	(£01¼-63¼)
$20 Eagle	$440-480	(£363¼ 596¼)
Noble Plat	$278¼-281½	(£228½-251¼)

SILVER

Silver was fixed 0.9p an ounce higher for spot delivery in the London bullion market yesterday at 530.55p. U.S. cent equivalents of the fixing levels were: spot 642c, down 10c; three-month 656.10c, down 9.95c; six-month 671c, down 10.85c; and 12-month 704.45c, down 11.55c. The metal opened at 521½-542½p (631-634c) and closed at 530½-533½p (643-646c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	050.85p	+0.90	030o	......
3 months	047.00o	+1.20	547.5p	—8.50
6 months	862.20u	+0.85	—	......
12months	020.50o	+0.60	—	......

LME—Turnover: 47 (98) lots of 10,000 oz.

Morning: Large 1st ring three months 545, 2nd ring three months 544, 45. Kerb: Large three months 545. Afternoon: Large 2nd ring three months 545. Kerb: Large three months 550.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	4411-3	+84	4425-35	+85
3 months	4428-52	+85	4440-5	+88

Nickel — Morning: Three months £4,425, 28, 30. Afternoon: Three months £4,432, 35, 40. Kerb: Three months £4,430. Turnover: 1,050 tonnes.

COCOA

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1960 1287	—20.0	2008-1984
July	1952 1953	—21.0	1963 1858
Sept.	1928-1927	—19.5	1934 1927
Dec.	1865-1867	—8.0	1874-1855
Mar.	1860-1862	—6.0	1865-1855
May	1858-1864	—6.0	1860-1858
July	1855-1865	+5.3	—

COFFEE

A firmer New York close and lower sterling prompted a steady London opening, reports Drexel, Burnham, Lambert. Gains of £23.0-£30.0 were established before profit-taking and light commission house selling created a gradual retreat during a quiet afternoon.

COFFEE	Yesterd'ys Close	+ or —	Business Done
May	2215-10	+10.0	2225-05
July	2251 65	+14.5	2270 53
Sept.	2294 97	+18.5	2510 90
Nov.	2516-20	+20.5	2034-10
Jan	2294-97	+18.5	2005-94
March	2250-59	+17.0	2264-60
May	2240-50	+20.0	—

Sales: 2,176 (1,246) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for April 1: Comp. daily 1979 133.96 (133.72); 15-day average 133.11 (133.01).

RUBBER

PHYSICALS—The London market opened unchanged, attracted little interest throughout the day and closed on an easier note, reports Lewis and Peat. Closing prices (buyers) spot 0.00p (65.50p). May 72.25p (72.50p). June 73.00p (73.50p). The Kuala Lumpur fob price for RSS No 1 was 201.00 (201.75) cents a kg and for SMR 20 was 198.00 (198.00).

COTTON

Spot and shipment sales in Liverpool amounted to 389 tonnes bringing the total for the week so far to 429 tonnes. Fair trading developed in American varieties. Pakistani growths moved off steadily as well as East and West African styles.

INDICES

FINANCIAL TIMES

Apr. 1	Mar. 29	M'th ago	Year ago
294.95	295.22	295.77	309.68

(Base: July 1 1952 = 100)

REUTERS

Apr. 1	Mar. 30	M'th ago	Year ago
1895.4	1925.2	2015.6	2007.4

(Base: September 18 1931 = 100)

MOODY'S

Apr. 1	Mar. 22	M'th ago	Year ago
955.2	950.1	954.2	1,062.5

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Apr. 1	Mar. 29	Month ago	Year ago
Spot	115.33	120.54	117.21	143.05
Fut.	122.95	124.25	120.12	145.51

(Base: December 31 1974 = 100)

GRAINS

Old crop markets remained quiet in a narrow trading range closing on a slightly weaker note, new crops saw hedge selling prevent any rally and values eased from opening levels to close around unchanged, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
May	119.65	—0.10	116.30	—0.15
July	125.55	—0.20	—	
Sept.	98.40	+5.20	98.50	+0.10
Nov	101.60	+0.15	101.90	+0.10
Jan	105.25	—0.05	105.15	+0.10

Business done—Wheat: May 119.90-9.60, July 123.90-3.55, Sept 98.35 only, Nov 101.65-1.55, Jan 105.30-0.20, Mar 108.75-8.55. Sales: 143 lots of 100 tonnes. Barley: May 112.40-6.30, Sept 98.60-8.60, Nov 101.98 only. Sales: 34 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark northern spring No 1 15 per cent, Mar 159.50, April/May 150.85, June 115.35, July 101.75, transhipment east coast. U.S. No 2 Soft red winter, May 153.50, June 137.50, July 138.50, Sept 139.50, transhipment east coast. English Feed fob, April 121.25, May 123.50, sellers east coast.

PIGMEAT

Prices opened and remained a little firmer due to slightly steadier physicals and a firmer spot April which expired today, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
April	112.50	110.40	112.50-110.50
June	106.00	106.00	106.50-106.00
Aug.	102.20	102.00	102.10-102.00
Oct	107.90	107.80	107.50-107.50
Nov.	109.10	108.00	108.90-108.00
Feb.	100.00	100.60	—

Sales: 268 (39) lots of 50 carcases, 3,250 kg.

POTATOES

The market continued firm for old crop May, which registered gains of over £2.00 at one stage. Nervous profit-taking, following recent strong gains, trimmed values to close the market £1.00 up. Improved weather conditions for planting brought selling interest into new crop whose values fell, in limited trade, by £1.70-£3.10, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	42.50	43.00	44.00-42.00
May	55.50	54.50	58.50-54.50
Nov.	71.50	70.00	71.00-71.00
Feb.	80.60	89.00	80.00-80.90
Apr	90.00	98.40	97.80-96.50

Sales: 959 (825) lots of 40 tonnes.

OIL

April crude prices are stable to firm although few deals were done. Nymex WTI traded within a narrow range over the morning. Within the petroleum products market gas oil weakened. Although in North-West Europe EEC qualified offers remained high the report of better Russian and ample Mediterranean supply, few buyers and a weak Nymex combined to soften prices. U.S. demand continued to drain gasoline supply, firming prices. Heavy fuel prices rose again on demand from refineries and traders—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—April		
Arab Light	27.70 27.75	—0.025
Arab Heavy	26.50 20.55	—
Dubai	27.00 27.10	—0.05
Brent Blend	28.25 28.40	+0.10
W.T.I. (1pm est)	28.55-28.70*	+525
Forcados (Nigeria)	28.05 28.20	+5.10
Urals. (cif NWE)	28.00-28.13	+0.07
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	172-175	+3
Gas Oil	256-258	—1
Heavy fuel oil	160-105	+1.5

* May

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or —	Business Done
	$ U.S. per tonne		
April	232.25-32.50	—2.00	235.75-32.00
May	229.00-29.25	—2.50	232.50-29.00
June	224.50-25.00	—1.75	228.00-24.50
July	224.00-24.50	—1.75	227.25-24.00
Aug	225.00-31.00	+0.25	228.00-29.00
Sep	226.00-54.00	+1.00	229.00-28.00
Oct	226.00-58.00	+0.50	—

Turnover: 1,030 (—) lots of 100 tonnes.

SOYABEAN MEAL

	Yesterday close	+ or —	Business Done
	£ per tonne		
April	140.0-143.0	+5.00	—
June	134.5-155.8	+0.70	150.7-155.5
August	155.5-155.2	+0.55	153.5-155.2
October	157.0-157.5	+0.25	157.0-157.8
Dec	142.0-142.4	—5.45	—
Feb	147.5-149.5	+0.25	—
Apr	149.0-150.0	+0.75	—

Sales: 201 (279) lots of 20 tonnes.

SUGAR

No. 6 Con-tract	Yest'day's latest prices	Previous close	Business done
	$ per tonne		
May	115.6-115.8	112.8-113.0	118.0-112.8
Aug	117.8-118.0	118.2-118.8	118.4-115.8
Oct	121.6-121.8	118.4-118.8	121.8-118.0
Dec	127.0-131.8	124.4-125.8	127.0 125.0
Mar	139-2-138.5	136.8-137.0	138.8-136.8
May	143.8-144.8	142.8-142.0	143.0-143.8
Aug	148.0-151.0	147.0-148.4	147.0-147.0

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 510, 515, nil; Aug 534, 535, 535-534; Oct 535, 537, 540-538; Dec 536, 538, 541-539; Jan 537, 539, nil; Mar 548, 552, nil; May 555, 557, 557; Aug 566, 569, 569; Oct 569, 71, nil. Sales: 12.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Mar 629.0, 633.0, 633.0-629.0; July 625.5, 626.5, 626.5-620.0; Oct 597.0, 600.0, 599.0-595.0; Dec 607.0, 609.0, 606.5-605.0; Mar 618.0, 620.0, 620.0-618.0; May 623.0, 624.0, 623.5-622.0; July 630.0, 650.0, nil; Oct 620.0, 650.0, nil. Sales: 118.

OTHER MARKETS

MEAT

MEAT COMMISSION—Average livestock prices at representative markets: GB—Cattle 94.54p per kg lw (—0.15); GB—Sheep 234.36p per kg est dcw (+19.01); GB—Pigs 77.76p per kg lw (—2.77).

ROTTERDAM

Maize—(U.S. $ per tonne). U.S. three yellow. Afloat 139, April 136, May 135.50, June 136, July 136, July/Sept 135.50, Oct/Dec 130, sellers. Argentine plate, Afloat 137, April 138, May 133, June 133, sellers. Millet—(U.S. $ per tonne). Argentine plate, April 130, May 130, sellers.

Wheat—(U.S. $ per tonne). U.S. two Soft Red Winter, May 168, July 148, Aug 149, Sept 150. U.S. two Northern Spring 14 per cent protein, April/May 197.50, May 127.50, June 166.50, July 166, Aug 166, Sept 165.50. U.S. Northern Spring 15 per cent protein, April/May 177, Sept 177.50.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm but below highs

The dollar finished below its best level yesterday but up from Monday's closing level in thin and erratic trading. There appeared to be no clear sentiment in the market ahead of the long Easter break although a failure to push the dollar any weaker, after its recent decline, prompted some covering of short positions which resulted in the dollar's improvement.

Against the D-mark the dollar touched a best level of DM 3.1640 but fell back to finish at DM 3.1490 although this was still up from Monday's close of DM 3.1200. Elsewhere it rose to Y254.10 from Y252.65 and SwFr 2.66 from SwFr 2.64. Against the French franc it improved to FFr 9.6075 compared with FFr 9.47 previously. On Bank of England figures, the dollar's exchange rate index rose to 148.0 from 146.6.

Sentiment remained divided on the likely short term direction of the dollar. On the one hand recent depressing economic statistics suggested that the Federal authorities would find it difficult to raise interest rates especially given the recent problems seen in the U.S. banking system. On the other hand growing money supply and fears about inflation reinforced the feelings of those who thought that rates may have to rise.

STERLING — Trading range against the dollar in 1985 is 1.3390 to 1.0525. March average 1.1260. Exchange rate index 76.9 from 77.2, having touched a low of 76.8. The six months ago figure was 76.5.

Sterling was a little weaker overall, suffering from profit taking after its recent sharp rise and fears over weaker oil prices with the onset of Spring. Against the dollar it eased to $1.2075 from $1.2225, having touched a low of $1.2020. Elsewhere it fell to DM3.8050 from DM 3.81 and Y307.0 compared with Y308.50. It was also weaker against the Swiss franc at SwFr 3.2050 from SwFr 3.23 and FFr 11.58 compared with FFr 11.59.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 3.0825. March average 3.2972. Exchange rate index 121.2 against 121.5 six months ago.

An early bout of short covering boosted the dollar during the morning as dealers reacted to a feeling that the recent sell off had been slightly overdone. However it retreated later in the day on lack of follow through in very thin trading. The U.S. unit finished at DM 3.1510 up from DM 3.1115 on Monday. Elsewhere sterling showed little change at DM 3.81 while the Swiss franc was steady at DM 1.1831. The French franc rose to DM 32.83 per FFr 100 from DM 32.76.

STERLING EXCHANGE RATE INDEX

	April 2	Previous
8.30 am	77.0	77.6
9.00 am	76.8	77.6
10.00 am	76.9	77.7
11.00 am	77.0	77.5
Noon	76.9	77.4
1.00 pm	76.8	77.3
2.00 pm	76.9	77.1
3.00 pm	76.8	77.2
4.00 pm	76.9	77.2

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.9768	+0.17	+6.22	±1.5522
Danish Krone ...	8.14104	7.99796	−1.96	−1.77	±1.6419
German D-Mark	2.24184	2.23571	−6.27	−6.15	±1.1475
French Franc ...	6.87456	6.81991	+0.79	−0.98	±1.3669
Dutch Guilder ...	2.52595	2.52286	−0.13	−9.02	±1.5177
Irish Punt	0.72569	0.715131	−1.46	−1.35	±1.6703
Italian Lira	1403.49	1425.20	+1.56	+1.55	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York

	April 2	prev. close
£ Spot	$1.2060-1.2070	$1.2470-1.2500
1 month	0.50-0.48pm	0.50-0.48pm
3 months	1.36-1.30pm	1.21-1.10pm
12 months	1.80-1.70pm	1.70-1.60pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

April 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2020-1.2150	1.2070-1.2080	6.51-0.48c pm	4.91	1.26-1.21pm	4.09
Canada	1.6540-1.6716	1.6590-1.6600	6.50-0.41c pm	6.29	1.20-1.06pm	2.72
Nethlnd.	4.27¾-4.30¾	4.28½-4.29½	2⅞-1⅞c pm	6.64	7-6pm	6.06
Belgium	76.35-77.75	76.35-76.45	29-13c pm	3.29	63-44pm	2.80
Denmark	13.57-13.66	13.58½-16.59½	2½-1½ore pm	1.43	8¼-6¼pm	2.20
Ireland	1.2151-1.2198	1.2151-1.2161	0.03pm-0.07c re	6.19	0.06pm-19d	−0.21
W. Ger.	3.78½-3.81	3.80-3.81	3-2pf pm	7.88	7¾-6¾pm	7.09
Portugal	209.50-215.75	209.50-216.39	150-625c dis	−19.18	500-1475d	−16.72
Spain	211.49-212.80	211.49-212.00	30pm-10dis	−1.16	10pm-40dis	−0.47
Italy	2,413¾-2,443¾	2,414½-2,415½	1pm-4lire dis	−0.74	6-13dis	−1.57
Norway	10.92½-10.98	10.92½-16.93½	¾pm-¾ore dis	—	2-½pm	0.45
France	11.57½-11.64	11.57½-11.58½	3½-2¾c pm	3.44	7-5½pm	2.15
Sweden	10.94-10.99	10.97½-10.98½	¾pm-¾ore dis	—	par-1½dis	−6.27
Japan	305½-308¾	306½-307½	2.10-1.90y pm	7.91	5.40-5.10pm	6.84
Austria	26.63-26.82	26.63-26.73	16½-14½gro pm	7.02	42-38pm	6.99
Switz.	3.20-3.23	3.20-3.21	2⅞-1⅞c pm	6.70	6½-5½pm	7.48

Belgian rate is for convertible francs. Financial franc 76.73-76.85. Six-month forward dollar 1.75-1.70c pm. 12-month 1.85-1.70c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2020-1.2150	1.2070-1.2080	0.51-0.48c pm	4.91	1.26-1.21pm	4.09
Ireland†	6.9880-0.9985	6.9855-0.9965	6.45-0.40c pm	5.12	1.15-1.00pm	4.32
Canada	1.3705-1.3749	1.3737-1.3747	0.17-0.20c dis	−1.62	0.45-0.50d	−1.38
Nethlnd.	3.5300-3.5730	3.5530-3.5540	0.61-0.58c pm	2.01	1.94-1.91pm	2.17
Belgium	62.98-63.59	63.25-63.35	7.5-8.5c dis	−1.51	18-20dis	−1.20
Denmark	11.18½-11.30½	11.26½-11.27	2¼-2½ore dis	−2.67	4½-5dis	−1.69
W. Ger.	3.1280-3.1640	3.1485-3.1495	0.88-0.83pf pm	6.26	2.47-2.42pm	3.11
Portugal	173½-175¼	174¼-175¼	200-500c dis	−24.03	600-1400d	−22.89
Spain	174.80-176.43	175.40-175.50	0.57-0.67c dis	−4.00	1.70-1.95d	−4.00
Italy	1,990-2,015½	2,000¾-2,001¼	10-10½lire dis	−6.00	28-29dis	−5.00
Norway	9.02½-9.09½	9.06¾-9.07¼	3.0-3.50ore dis	−4.31	7.70-8.20d	−3.51
France	9.54½-9.65¼	9.60½-9.61	1.50-1.60c dis	−1.93	4.40-4.70d	−1.89
Sweden	9.04½-9.12¼	9.08¾-9.09¼	3.40-3.90ore dis	−4.82	9.50-10.00d	−4.29
Japan	253.30-254.45	254.05-254.15	0.63-0.59y pm	3.00	1.80-1.75pm	3.00
Austria	22.00-22.23	22.1302-22.1312	4.40-3.70gro pm	2.20	12.25-16.25p	2.03
Switz.	2.6480-2.6750	2.6595-2.6605	0.88-0.83c pm	3.85	2.33-2.27	3.44

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.55-63.65.

OTHER CURRENCIES

Apr. 2	£	$		£ Note Rates
Argentina Peso..	417.76-418.17	345.83-348.18	Austria	26.25-26.06
Australia Dollar.	1.7950-1.7946	1.4780-1.4826	Belgium	76.65-77.45
Brazil Cruzeiro..	5,361-5,369	4,430-4,460	Denmark	13.63-13.67
Finland Markka.	7.8933-7.2218	6.5600-2.5766	France	11.57-11.67
Greek Drachma.	162.79-166.34	134.99-167.81	Germany	3.79-3.83
HongKong Dollar	9.4020-9.4120	7.7996-7.8016	Italy	2496-2450
Iran Rial	114.80*	99.75*	Japan	306-309
KuwaitDinar(KD)	6.3645-0.6650	0.66856-6.30260	Netherlands	4.28-4.34
Luxembourg Fr.	76.56-76.45	63.26-66.35	Norway	10.90-11.01
Malaysia Dollar.	3.0436-3.0585	2.6856-2.6350	Portugal	204-220
New Zealand Dlr.	2.5680-9.6193	2.1600-2.1700	Spain	205¾-214¾
Saudi Arab Riyal	4.3490-4.3500	3.6600-3.5766	Sweden	16.90-11.01
Singapore Dollar	2.5730-2.6615	2.2200-2.2850	Switzerland	3.21-3.24
Sth African Rand	2.3684-2.5793	1.9600-1.9700	United States	1.20-1.28
U.A.E. Dirham....	4.4246-4.4300	6.6720-3.6730	Yugoslavia	290-322

* Selling rate.

CURRENCY MOVEMENTS

Apr. 2	Bank of England Index	Morgan Guaranty Change %
Sterling	76.9	−19.5
U.S. dollar	148.0	+52.2
Canadian dollar	88.1	−6.6
Austrian schilling	111.1	+4.3
Belgian franc	88.9	−16.9
Danish Kroner	77.1	−4.7
Deutsche mark	131.9	+8.4
Swiss franc	137.7	+6.8
Guilder	111.5	+3.1
French franc	64.4	−16.7
Lira	46.2	−16.6
Yen	154.5	−11.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

April 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.811693	6.587860
U.S. $	8	0.983772	6.709410
Canadian $	10.65	*	0.974875
Austria Sch.	4½	21.7109	15.7205
Belgian Fr.	11	62.2255	44.9766
Danish Kr.	7	11.0255	7.02796
D'mark	4½	3.08983	9.93571
Guilder	5½	3.40141	9.62266
French Fr.	9½	9.45880	6.81991
Lira	15½	N/A	1425.26
Yen	5	246.894	180.474
Norway Kr.	8	9.09773	6.43612
Span'h Pta.	—	172.357	124.881
Swedish K.	9	8.46216	6.45740
Swiss Fr.	4	2.61339	1.89093
Greek Dr'ch	96½	163.085	96.6987
Irish Punt	19¾	6.991706	0.715131

*C$/SDR rate for April 1: 1.35342.

EXCHANGE CROSS RATES

April 2	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.208	3.805	367.0	11.58	3.005	4.090	2415.	1.660	75.40
U.S. Dollar	0.826	1.	3.161	254.2	9.590	2.654	3.653	2000.	1.374	63.27
Deutschemark	0.263	0.317	1.	80.68	3.043	0.842	1.127	634.7	0.436	20.08
Japanese Yen 1,000	3.267	3.933	12.35	1000.	07.79	10.44	13.97	7866.	5.408	248.9
French Franc 10	0.864	1.043	3.296	265.1	10.	2.768	3.705	2085.	1.433	65.98
Swiss Franc	6.512	6.377	1.187	26.70	5.515	1.	1.339	753.5	0.618	23.84
Dutch Guilder	0.266	0.281	0.887	71.58	2.699	0.747	1.	562.5	0.387	17.61
Italian Lira 1,000	0.414	0.500	1.575	127.1	4.722	1.327	1.776	1000.	0.687	31.54
Canadian Dollar	0.603	0.728	2.293	185.0	6.978	1.931	2.585	1466	1.	46.04
Belgian Franc 100	1.309	1.580	4.990	401.8	15.16	4.195	5.616	3161.	2.179	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term [illegible] per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; six months [illegible] per cent; one year [illegible] per cent. Long-term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

General tone little changed in London

Very short term rates continued to decline on the London money market yesterday, but the general tone was little changed, with three-month interbank closing unchanged at 13⅛-13¼ per cent. Seven day money fell to 13¼-13½ per cent from 13½-13¾ per cent, and overnight funds were fairly steady at around 13 per cent. Dealers suggested the Bank of England is determined to reduce the cost of the very short dates to encourage Barclays Bank and Midland to move into line with National Westminster and Lloyds Bank on base rates of 13 per cent.

On the other hand the authorities appeared to underhelp the market yesterday, according to the forecast shortage, and there was some disappointment among the discount houses that the downward pressure on rates was not extended, with another repurchase agreement on bills. Although the periods of Friday's and Monday's agreements were rather longer than the houses might have preferred, running up to by way of £60m bank bills in the latter part of April, the rate charged of 12¾ per cent was regarded as attractive.

UK clearing banks base lending rate 13-13½ per cent since March 29

The Bank of England forecast a market shortage of £450m in the morning. This was revised to £500m before lunch, but back to £450m in the afternoon. Total help provided during the day was £412m.

Before lunch the Bank of England gave assistance of £234m by buying bills outright, band 1 (up to 14 days maturity) at 12⅞ per cent £176m bank bills in band 2 (15-33 days) at 12⅞ per cent; £13m bank bills in band 3 (34-63 days) at 12⅞ per cent; and £5m bank bills in band 4 (64-91 days) at 12⅞ per cent.

In the afternoon another £98m bills were purchased outright, through £11m bank bills in band 1 at 12⅞ per cent £66m bank bills in band 2 at 12⅞ per cent; £20m bank bills in band 3 at 12⅞ per cent; and £1m bank bills in band 4 at 12⅞ per cent.

The authorities also provided late assistance of £60m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £541m, with a rise in the note circulation absorbing £25m. These outweighed Exchequer transactions adding £85m to liquidity and bank balances above target by £145m.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Apr. 1 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12¾-13⅛	13¼	13-13⅛	12-13¼	—	—	—	—	—
2 days notice	—	—	13¼-13⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13¼-13¼	13¼-13⅜	13⅛	13¼-13½	—	—	—	—	—
One month	13 7/16-13 5/16	13⅜-13 5/16	16⅝	16⅝	10⅞	16 11/16	12¾	19 5/16	12¼	13 5/16
Two months	16¼-13⅛	16 7/16-13 5/16	16¼	16½	12¾	19 3/16	12 3/16	12⅛-12 3/16	12 3/16	15¼
Three months	13-12⅞	15 5/16-13 5/16	13⅛	13⅜	12⅛	12⅜	12¼	12 11/16-10⅛	12 11/16-12 13/16	13 5/16
Six months	12 1/16-12 1/16	12⅛-12⅝	12⅛	—	—	—	—	11 11/16	11 11/16-11¼	12 7/16
Nine months	16 7/16-12 5/16	18 7/16-19 3/16	—	—	—	—	—	—	—	—
One year	12-11⅞	12 5/16-12 5/16	19	—	—	—	—	—	—	—

MONEY RATES

April 2	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	0.90-6.00	10⅝	2⅛-2⅝	6⅞-7	6.26175	15½-16⅞	7.40	14¼-14⅛
One month	6.75-5.90	10⅝-10¾	6⅛-6¼	6¾-6 11/16	6.28125	15-15⅜	10⅝-10⅝	14-14¼
Two months	5.90-6.00	10⅝-16¾	—	—	—	—	—	13⅛-14⅛
Three months	6.05-6.15	10⅝-16¾	5½-5⅝	6¾-6⅛	6.34375	15⅜-16¾	16⅝-10⅝	13⅛-14
Six months	6.15-6.35	10 11/16-10 11/16	—	5⅞-7	—	—	16½-10¾	13⅝-13⅞
Lombard	6.6	—	—	—	—	—	—	—
Intervervention	—	10½	—	6⅞	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14-13⅝	—	13⅝	8.65-8.76	6⅞-8 11/16	9 11/16-10 1/16
Two months	13¼-13⅛	—	13⅜	8.75-8.85	8 1/16-8 11/16	10-10⅛
Three months	13⅝-13¼	—	13¼	8.9-9.0	8 11/16-8 11/16	10 1/16-10⅜
Six months	13-19⅝	—	16⅝	9.3-5.4	8⅞-9⅛	10⅛-10¼
Nine months	12⅝-12¼	—	12¼	5.8-9.7	—	—
One year	12⅛-12⅛	—	12¼	10.05-10.15	9¼-9⅛	10¼-10⅜
Two years	—	12	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	11⅜	—	—	—	—
Five years	—	11¼	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 5 to April 2 (inclusive): 13.619 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 13-13½ per cent. London Deposit Rates for sums at seven days' notice 10½-10¾ per cent. Treasury Bills: Average tender rates of discount 12.3571 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13½ per cent; one-three months 13¾ per cent; three-six months 12¾ per cent; six-nine months 12¾ per cent; nine-12 months 12 per cent. Under £100,000 11½ per cent from March 29. Deposits held under Series 5 12 per cent. The rate for all deposits withdrawn for cash 5 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	10½
Fed funds	9 11/16
Fed funds at intervention	—

Treasury Bills

One month	7.95
Two month	8.20
Three month	8.23
Six month	8.62
One year	8.81

Treasury Bonds

Two year	100½
Three year	99 1/32
Four year	100 11/32
Five year	100⅛
Seven year	100 17/32
10 year	97⅛
30 year	96½

FT LONDON INTERBANK FIXING

(11.00 a.m. April 2)

Three months U.S. dollars

bid 9 1/16	offer 9 3/16

Six months U.S. dollars

bid 9 1/2	offer 9 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Dull trading

Interest rate contracts were weaker on the London International Financial Futures Exchange yesterday, but in some cases finished above opening levels. The lack of any economic news left the market dull and flat. Eurodollars for June delivery opened lower at 90.12. The contract drifted as Chicago overnight had failed to sustain a rally. U.S. commission houses were seen as early sellers, but the entire morning range was between the day's peak of 90.13 and 90.09. Federal funds opened firmer in New York, but in line with expectations, and there was no suggestion of the contract testing support levels just above 90.00. It closed at 90.09 compared with 90.15 previously. June U.S. Treasury bonds were equally quiet opening little changed at 69.15 and finishing at 69.13 against 69.16.

Three-month sterling deposits for June began weaker at 88.05 on slightly higher interest rates in London and the softer tone to sterling on the foreign exchanges. The contract drifted down to 88.10, and met with further selling from a U.S. commission house, taking it to a low of 88.01 before June deposits closed around the middle of the day's range at 88.08 compared with 88.13 on Monday.

June gilts finished virtually unchanged at 106-12, with dealers suggesting current yields are not as far out of line as short sterling deposits with anticipated interest rate trends.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.09	90.13	90.06	90.12
Sept	89.45	89.48	89.42	89.50
Dec	88.98	89.03	88.95	89.11
March	88.63	88.66	88.64	88.78
June	88.38	88.38	88.40	88.54

Est volume 4,124 (3,281)
Previous day's open int 15,867 (15,557)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	88.08	88.13	88.01	88.13
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Est volume 1,545 (1,192)
Previous day's open int 5,889 (5,788)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	106-12	106-16	106-05	106-13
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Est volume 1,821 (1,469)
Previous day's open int 5,009 (2,741)
Basis quote (clean cash price of 13½% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.1990	1.2055	1.1935	1.2140
Sept	1.1935	1.1990	1.1910	1.2070
Dec	1.1975	—	—	1.2060

Est volume 76 (767)
Previous day's open int 4,806 (—)

DEUTSCHE MARKE DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3188	0.3208	0.3180	0.3233
Sept	0.3226	—	—	0.3261

Est volume 49 (57)
Previous day's open int 235 (235)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3758	—	—	0.3822

Est volume nil (nil)
Previous day's open int 157 (157)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3957	—	—	0.3985
Sept	0.3988	—	—	0.4020

Est volume nil (nil)
Previous day's open int 567 (370)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	123.00	123.00	122.20	122.30
Sept	125.80	—	—	124.40

Est volume 4[illegible] (121)
Previous day's open int 1,133 (1,549)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	69-13	[illegible]	[illegible]	69-16
Sept	[illegible]	[illegible]	[illegible]	68-16

Est volume (365)
Previous day's open int 3,030 (3,048)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	69-14	69-17	69-10	69-17
Sept	[illegible]	[illegible]	[illegible]	69-16
Dec	[illegible]	[illegible]	[illegible]	67-25
March	[illegible]	[illegible]	[illegible]	67-01
June	[illegible]	[illegible]	[illegible]	66-12
Sept	[illegible]	[illegible]	[illegible]	65-25
Dec	[illegible]	[illegible]	[illegible]	65-07
March	[illegible]	[illegible]	[illegible]	64-23
June	[illegible]	[illegible]	[illegible]	64-08
Sept	—	—	—	—
Dec	[illegible]	[illegible]	[illegible]	63-15

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.30	91.32	91.29	91.37
Sept	[illegible]	[illegible]	[illegible]	90.88
Dec	[illegible]	[illegible]	[illegible]	90.47
March	[illegible]	[illegible]	[illegible]	90.17
June	[illegible]	[illegible]	[illegible]	89.96
Sept	[illegible]	[illegible]	[illegible]	89.75
Dec	[illegible]	[illegible]	[illegible]	89.52
March	[illegible]	[illegible]	[illegible]	89.45

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	90.58
Sept	[illegible]	[illegible]	[illegible]	89.93
Dec	[illegible]	[illegible]	[illegible]	89.43
March	[illegible]	[illegible]	[illegible]	89.07

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	90.18
Sept	[illegible]	[illegible]	[illegible]	89.52
Dec	[illegible]	[illegible]	[illegible]	89.04
March	[illegible]	[illegible]	[illegible]	88.69
June	[illegible]	[illegible]	[illegible]	88.42
Sept	[illegible]	[illegible]	[illegible]	88.12
Dec	—	—	—	—
March	87.70	87.70	87.64	87.77

STERLING (IMM) Se per £

	Latest	High	Low	Prev
June	1.2010	1.1935	1.1970	1.2145
Sept	1.1950	1.1950	1.1870	1.2080
Dec	—	1.1950	1.1850	1.2090

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	[illegible]	[illegible]	[illegible]	69-09
Sept	[illegible]	[illegible]	[illegible]	68-16
Dec	[illegible]	[illegible]	[illegible]	67-30
March	—	—	—	—
June	[illegible]	[illegible]	[illegible]	66-30
Sept	[illegible]	[illegible]	[illegible]	65-16

Personal

THE MARRIAGE BUREAU (Heather Jenner), 124 New Bond Street, W1. 01-629 9634. (Est. 1939.)

Company Notices

GENERAL MINING UNION CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

ANNUAL GENERAL MEETING

The annual general meeting of the members of General Mining Union Corporation Limited will be held in the board room, Union Corporation Building, 74-78 Marshall Street, Johannesburg, on Thursday, 9 May, 1985, at 09h00 for the following purposes:

1. To receive and consider the annual financial statements for the year ended 31 December, 1984.
2. To elect directors in accordance with the provisions of the company's articles of association.
3. To consider and if deemed fit to pass, with or without modification, the following ordinary resolution:
   That paragraph 12.2 of the rules of the General Mining Union Corporation Limited share purchase scheme be amended to read as follows:
   "12.2 Amendments shall require the prior approval of The Johannesburg Stock Exchange and The Stock Exchange, London."

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his stead. Such proxy need not be a member of company. Instruments appointing a proxy must be deposited at the registered office of the company in Johannesburg or the London office at least forty-eight hours before the time of the meeting.

Holders of preference shares may attend the meeting but may not vote. Holders of share warrants to bearer who wish to attend or be represented at the meeting may obtain information regarding the formalities to be complied with on application to the London office of the company where copies of the annual report are also available.

per pro. GENCOR (U.K.) LIMITED
London Secretaries
L. J. BAINES

29 March 1985

NOTICE OF MEETING
TIME ASSURANCE SOCIETY
Registered Office:
86 Union Street, Oldham
Greater Manchester

NOTICE IS HEREBY GIVEN that a SPECIAL GENERAL MEETING of the above Society will be held at the Registered Office on Wednesday, 24th April 1985, at 9.15 a.m.

AGENDA

To appoint a Director of Time Assurance Trustees Limited.

(Signed) O. R. REES, Secretary

SKANSKA BANKEN
US$18,000,000 FLOATING RATE CAPITAL NOTES 1988

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the six months interest period from 2/4/85 to 2/10/85 the Notes will carry an interest rate of 9 13/16% per annum and the Coupon amount per US$400,000 will be US$19,952.08.

SCANDINAVIAN BANK LIMITED
Fiscal Agent

INTERNATIONAL CAPITAL MARKETS

TOKYO IS TAKING THE BLAME FOR AMERICA'S PROBLEMS, SAYS ENVOY

Japan 'a scapegoat for U.S.'

BY MAGGIE URRY IN LONDON

JAPAN is taking the blame for U.S. unwillingness to cope with its own economic problems, according to Mr Moriyuko Motono, ambassador to France.

Speaking at the Financial Times conference Euromarkets in 1985, he said the image of Japan as a protectionist nation was wrong. Many moves towards a freer trade market had been made over the last 20 years, and imports to Japan from the U.S. had increased significantly.

Japan's large trade surplus is more than offset by capital outflows, which have contributed to financing the U.S. budget deficit. Mr Motono called on the U.S. to improve its own trade balance and to reduce its real interest rates.

Mr David Hale, chief economist at Kemper Financial Services, said the thrift of the Japanese had been the key to the success of Reaganomics in the U.S. He believed that a U.S. tax Bill later this year might help to reduce real interest rates in the U.S. He thought the dollar had now peaked, although most U.S. businessmen did not yet agree. Pressure was building in the U.S. for trade controls.

Turning to the changes in the City of London, Mr Stanislas Yassukovich, chief executive of the European Banking Company, questioned whether the system of self-regulation with a central supervisory body proposed in the UK Government's White Paper (policy document) would succeed. He advocated the establishment of an agency similar to the U.S. Securities and Exchange Commission.

Mr John Forsyth, director in the International Capital Markets Division of Morgan Grenfell, called for the abolition of stamp duty in Britain's next Finance Bill. He argued that the duty depressed turnover in the equity market and that its removal would produce a dramatic increase in trading.

The re-emergence of London as an international capital entrepôt would provide great opportunities to firms prepared to develop their business to exploit.

Mr Francis Pym, a former Conservative Minister, spoke of the relations between East and West and the need for stability to provide confidence to business. He urged the West to take steps to overcome the current financial crisis, which was a grave threat to stability.

He said the belief that the crisis would fade away was dangerously shortsighted and there was the continuing danger that the crisis would break. While he was not in a position to offer solutions, he felt that the annual summits between world leaders had proved extraordinarily disappointing.

Mr Joan Beck, executive director at Credit Suisse First Boston, condemned the "irresponsible" way that the opening of the Euroyen bond market to corporate borrowers on December 1 1984 had been developed. Too many issues had appeared which benefited only the issuers and not investors, and demand for issues had dried up. The predominance of the Japanese securities houses in the market had been won at the expense of the market. The fear of competition could only result in a market where no one benefited.

Dr Günther Radike, general manager of Dresdner Bank, discussed the future of the Euro D-Mark bond market.

Mr Geoffrey Bell, president of Geoffrey Bell & Company, said that after the 80 per cent rise in the dollar over the last 4½ years there must be some correction. He believed, however, that the currency had strong underpinnings and if growth of the U.S. economy continued at a reasonable rate there would be no "free-fall" in the currency.

Company Notices

MINERALS AND RESOURCES CORPORATION LIMITED
(Incorporated in Bermuda)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER PAYMENT OF COUPON No. 99

With reference to the notice of declaration of interim dividend advertised in the press on March 28, 1985, the following information is published for the guidance of holders of share warrants to bearer.

The dividend of 8 cents was declared in United States currency. [illegible]

For and on behalf of
MINERALS AND RESOURCES CORPORATION LIMITED
G. A. Wilkinson

Issued from:
40 Holborn Viaduct
London EC1P 1AJ
April 3, 1985.

EUROBONDS

Hydro Quebec seeks C$100m

By Peter Montagnon, Euromarkets Correspondent, in London

HYDRO QUEBEC took advantage of the recent strength of the Canadian dollar bond market to launch a C$100m Eurobond yesterday with a 10-year life and a coupon of 12½ per cent.

Led by Merrill Lynch the paper bears a par issue price and total fees of 2 per cent. It traded initially at a discount within these fees of 1¾ per cent, though with a weaker trend emerging on Wall Street during the European afternoon the discount widened to 2¼-1⅞ points.

Demand for Canadian dollar Eurobonds, which was flagging until a couple of weeks ago, has picked up slightly with the recovery of the domestic market, while European investors also again see Canadian issues as an alternative to U.S. dollar securities.

SHF Bank bond average		
April 2		Previous
101.003		101.082
High	1985	Low
102.860		99.840

None the less trading in both this and the U.S. dollar sector of the market was slack yesterday ahead of the Easter holidays. The only other new Eurobond issue yesterday was a $75m, six-year, 12½ per cent issue for South Africa. Lead managers Commerzbank and UBS (Securities) priced the paper at 99½ and it traded just within its total 1⅞ per cent fees.

The $50m convertible issue for Sumitomo Special Metals has been awarded a 3 per cent coupon as indicated and a 4.38 per cent conversion premium by lead manager Daiwa Europe, while Switzerland yesterday saw its lowest ever coupon on a convertible issue. The SwFr 100m private placement for Dainippon Screen has been priced by lead manager Swiss Bank Corp with a coupon of 1¼ per cent and conversion premium of 8.15 per cent.

This was below the indicated 1⅞ per cent coupon. Handelsbank's convertible placement for Sanoike Manufacturing has also received a coupon of 1⅞ per cent, below the indicated 1¾ per cent.

European continental bond markets turned mixed to lower as the dollar strengthened, while London's SwFr 100m, 8⅛ per cent issue closed its first day's trading at 99⅛, down by ½ point on its issue price.

Co-financing deal set up for Hungary

By Our Euromarkets Correspondent

HUNGARY is to raise a further $300m through a credit to be financed jointly by the World Bank and a group of commercial banks led by Arab Banking Corporation, Bank of Tokyo, Chemical Bank and National Westminster.

Terms of the deal provide for interest to be charged at a margin of ⅛ per cent over London Eurodollar deposit rates. The commercial bank portion matures in eight years, while the $36m being contributed by the World Bank will be fully repaid after 10 years.

The deal, which is to finance projects in the livestock, chemicals and transport sectors, is one of a series of co-financing loans contracted by Hungary since it joined the World Bank and International Monetary Fund in 1982.

Since then Hungary has shown a marked preference for co-financing operations both because they allow the maturity of its borrowings to be longer and because the participation of the World Bank is believed to act as an incentive for other lenders.

This deal bears rather finer terms than a similar $350m credit arranged a year ago. That bore a margin of ⅜ per cent over Eurodollars or ⅛ per cent over prime rate. The new operation has a lower Eurodollar margin, while the expensive prime rate option has been dropped altogether.

The new credit will be in transferable form, allowing participants to sell their share in the secondary market.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 2.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅝ 88	150	† 101⅝	102⅛	−0¼	+0⅛	11.88
Austria Rep 13⅝ 92	100	106	106½	−0⅛	+0⅜	12.24
Bank Of Tokyo 12⅝ 92	100	100⅞	101⅜	0	+0¾	12.52
Bank of Tokyo 13⅝ 01	100	105⅜	105⅞	+0⅛	+1	12.25
BP Capital 11⅛ 92	150	95¾	96¼	0	+1⅜	12.00
Caisse Nat Tele 13¾ 91	100	105½	106	+0¼	+0⅝	12.34
Canadian Pac 12½ 89	75	102⅛	102⅝	−0⅜	+0½	12.12
CBS Inc 11⅜ 92	100	† 96⅝	97⅛	0	+0⅞	11.98
Chevron U.S.A. 12¼ 89	600	100⅜	100⅞	−0⅛	+0⅜	12.01
Creditanstalt 13⅛ 01	100	† 101⅝	102⅛	−0⅛	0	12.65
Denmark Kindom 11½ 02	100	95⅞	96⅜	−0⅛	+0⅞	12.38
Denmark Kingdom 13 91	100	102½	103	+0¼	+0½	12.31
Denmark Kingdom 13¼ 91	100	* 103¼	103¾	+0¾	+0¾	12.39
Denmark 13⅞ 88 XW	100	104⅜	104⅞	0	+0¼	12.05
Denmark Kingdom 14 91	100	105⅞	106⅜	−0⅛	+0⅝	12.50
E.E.C. 11⅛ 00	100	† 97⅜	97⅞	−0⅛	+1⅛	11.77
E.I.B. 13 98	200	102⅜	102⅞	+0⅛	+0⅞	12.52
Ex-Im Bk Japan 13¼ 91	75	† 106¼	106¾	0	+0⅝	11.89
Export Dev Corp 12 89	100	100¾	101¼	−0⅜	+0⅝	11.66
Exxon Capital Corp 0 2004	1800	† 11	11½	0	+0⅛	11.78
Florida Fed Sav 12⅜ 89	100	† 100½	101	0	+1	12.21
Ford Motor Cred 11⅝ 89	100	94¼	94¾	+0⅛	+1¼	12.62
IBM Credit 10⅜ 2000	300	96¼	96¾	−0⅜	+0⅝	10.85
IBM Credit Corp 11¾ 87	200	101⅞	102⅜	0	+0¾	10.67
Indust Bk Japan 12⅞ 89	100	103⅛	103⅝	−0⅛	+1⅛	11.81
Indust Bk Japan 13⅞ 91	125	107¼	107¾	0	+1¼	12.06
Int-Am Dev Bk 12¾ 91	150	101½	102	0	+0⅝	12.31
Japan Air Lines 13⅜ 94	100	* 108½	109	+0⅝	+0⅜	11.75
Kellogg Company 10⅞ 00	100	97⅝	98⅛	−0¼	+1	11.45
Kellogg Company 11¼ 92	100	99⅞	100⅜	−0¼	+1	11.28
L.T.C.B. 12⅞ 91	100	102¾	103¼	0	+1⅛	12.15
Macy Cred Corp 11¾ 98	100	†* 100	101	+5¼	+4¾	11.65
Mellon Bank 13 87	100	* 102¾	103¼	+0⅝	+0⅜	11.42
Merrill Lynch 12¾ 89	100	†* 101½	102	−0¼	+0⅜	12.17
Minnesota 11½ 97	100	† 100	100½	−0⅜	+0⅛	11.31
Mitsubishi Corp 13¼ 89	100	105⅜	105⅞	+0½	+1⅜	11.19
Montagu 13¼ 01	100	† 103	103½	−0¾	+0¼	12.44
Morgan Guaranty 12⅜ 89	150	† 101⅜	101⅞	−0⅛	+0⅛	11.84
Nippon Cred Bk 13⅞ 89	100	105⅛	105⅝	−0⅜	+0⅞	12.14
Nth America 12⅞ 01	100	† 102⅝	103⅛	0	+1	12.17
Penney J.C. 12¾ 91	100	† 102⅝	103⅛	−0⅜	+0⅝	12.05
Pru Realty secs 12⅛ 95	546	† 100⅛	100⅝	−0⅜	+0¼	12.04
Quebec Hydro 11½ 92	100	† 96½	97	+0⅜	+1	12.14
Ralston Purina 12¾ 89	100	102⅜	102⅞	0	+0⅞	11.91
Royal Bk Can 12¾ 92 XW	100	† 100⅛	100⅝	0	+1½	12.64
Saskatchewan 10 3/4 92	100	94	94½	+0⅛	+0⅞	12.01
Saskatchewan 11 7/8 89	100	† 100¼	100¾	−1⅛	+0¾	11.68
S.N.C.F. 12⅜ 02 XW	100	99⅝	100⅛	−0⅛	+1⅜	12.37
Statoil 12 88	100	102⅛	102⅝	−0⅛	+0½	11.03
Statoil 13½ 00	100	105¾	106¼	0	+0¾	11.60
Swed Exp Cred 12¾ 89XW	100	† 102⅛	102⅝	+0⅛	+1	11.88
Sweden Kingdom 11½ 89	200	98⅞	99⅜	−0⅛	+0⅞	11.71
Sweden Kingdom 11¾ 94	100	99¼	99¾	+0⅛	+1⅛	11.89
Texaco Capital 12⅞ 87	300	† 102⅜	102⅞	−0¼	+0⅜	11.40
Texaco Capital 13½ 88	200	104	104½	−0⅜	+0¾	12.13
Toronto Dom Bk 12½ 88	100	† 100	100½	−0¼	+0¼	12.39
Walt Disney Pro 12½ 87	150	* 101⅞	102⅜	+0⅜	+0½	11.39
Weyerhaeuser 12¼ 87	150	101⅛	101⅝	−0⅛	+0½	11.52
World Bank 12¼ 94	150	101	101½	0	+1	12.00
World Bank 12⅞ 94	200	103¾	104¼	+0¼	+1¼	12.11

Average price change On day 0 on week +0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 0 94	200	100⅞	101⅜	−0¼	+0¾	7.89
Austria Republic 7⅝ 94	200	99⅞	100⅜	0	+0½	7.58
Baxter Travenol 7¼ 94	200	98½	99	−0⅛	+0⅝	7.42
Credit National 8⅛ 94	200	101⅞	102⅜	−0¼	+0¾	7.76
Degussa Int Fin 7½ 94	100	100¾	101½	−0⅛	+0⅞	7.32
E.E.C. 0 92	200	101¾	102½	+0¼	+0⅜	7.38
Escom 0 92	150	101	101¾	−0⅛	+2¼	7.74
Ferrovie Dello Stato 0 91	100	101¾	102½	+0¼	+1⅝	7.55
Finland Republic 7 92	200	96¾	97½	−0¼	+0⅞	7.55
Gould Int Fin 7⅛ 91	100	100⅜	101⅛	−0¼	+0½	7.46
Ireland 0⅛ 92	150	101¾	102½	+0⅛	+1⅛	7.72
Japan Fin Corp 7⅝ 91	100	100⅝	101⅜	−0¼	+0⅛	7.41
Mitsubishi Hvy 3½ 89WW	300	103¾	104¾	−1	−1⅞	2.37
Mitsubishi Hvy 3½ 89XW	300	90⅜	91⅛	+0¼	+0¾	6.18
Mitsubishi Met 3⅛ 89WW	100	98⅝	99⅜	0	+0⅜	3.36
Mitsubishi Met 3⅛ 89XW	100	83⅞	84⅝	−0¼	+0⅝	7.17
O.K.B. 7½ 88	100	99⅝	100⅜	+0⅜	+0½	7.48
Pepsico O/S Fin 7¼ 94	250	99⅞	100⅝	−0⅛	+0½	7.21
Renown 3⅛ 90	80	96	96¾	0	0	3.98
Reynolds O/S Fin 7⅜ 94	125	100¾	101½	0	+0⅛	7.32
Societe Cent Nuclear 8 91	100	102	102¾	−0⅞	−1⅝	7.58
Sth Africa Rep 8½ 91	200	102¼	103	+0⅛	+1⅜	7.97
Sth African Tran 7⅝ 92	100	96⅜	97⅛	0	+0⅜	8.20
World Bank 7¾ 89	100	100⅜	101⅛	+0¼	+0½	7.51
World Bank 0 94	200	102⅛	102⅞	−0¼	+0¾	7.69

Average price change On day −0⅛ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	† 101½	101¾	+0¼	0	6.02
Asian Dev Bank 6⅛ 96	100	100⅜	100⅝	+0⅛	+0⅛	6.06
Avon Cap Corp 5⅝ 94	130	† 97¼	97½	−0¼	+0¼	5.73
Brit Land Comp 6½ 89	75	101½	102	+0⅜	+0⅜	6.31
Council of Europe 6 92	120	† 99¾	100	+0¼	−0½	6.01
Creditanstalt 5½ 94	100	† 98½	98¾	−0¼	+0½	5.96
Deutsche Bk Fin 5⅜ 95	100	99	99¼	0	0	5.49
E.I.B. 5⅞ 94	120	† 99¼	99½	0	−0½	5.96
Eurofima 5 97	100	† 98¾	99	0	0	5.13
Eurofima 5¼ 96	100	†* 99¼	99½	0	0	5.32
Export Dev Corp 5⅜ 92	125	98½	98¾	0	0	5.60
First Boston Inc 5¾ 94	90	† 100½	100¾	0	+0¼	5.66
Gen Occidentale 4½ 94	90	† 101	101¼	+0¼	−0¼	4.35
I C Industries 5⅝ 94	125	† 98½	98¾	0	+0¾	5.81
Ind Fund Fin 5¾ 94	40	† 99½	99¾	+0¼	+0½	5.80
Int-Am Dev Bk 6⅛ 94	120	† 100½	100¾	+0½	0	6.03
New Zealand Govt 5¾ 94	150	† 101	101¼	0	+1⅜	5.59
N.Zealand steel 5¾ 96	70	† 97	97¼	+0½	0	6.10
Oberos Kltwk 5⅝ 95	100	† 96¾	97	0	+0¼	5.90
Ost Donaukraft 5⅜ 95	70	† 98	98¼	−0½	+0¾	5.63
Ralston Purina 5⅜ 94	125	† 98¼	98½	0	+0¼	5.59
Santos Finance Ltd 6 94	130	† 97½	97¾	+0¼	+1⅛	6.33
Tokyo Elec Pwr 5½ 93	120	† 98½	98¾	−0¼	+1¾	5.72
Tokyo Metropolis 5¼ 94	80	† 98	98¼	+0⅜	0	5.78
World Bk 5¾ 94	150	† 99	99¼	−0¼	+0½	5.87

Average price change On day 0 on week +0⅜

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Corp 6¾ 91	10	97	97½	−0⅛	+0½	7.28

BP Overzee 7 02	17	98¾	99¼	−0⅞	−0¼	7.19
Dow Chemical 7 94	50	98¼	98¾	−0⅛	+0⅛	7.07
Fed Nat Mort 9⅞ 02	50	97½	98	−0¼	−0¼	7.30
World Bank 6⅝ 94	20	95½	96	−0⅛	+0¼	7.34

Average price change On day −0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AMEX 12¼ 91 CS	50	† 102	102½	+0½	+0¾	11.72
Aust Res Dev 11⅝ 92 CS	50	† 94⅜	94⅞	+0⅛	+1¾	12.83
Bk Of Tokyo 10⅞ 92 CS	75	† 98½	99	0	0	11.08
Denmark 11⅝ 91 CS	100	† 95	95½	−0¼	+0⅜	12.81
E.O.C. 11½ 90 CS	100	† 97½	98	+0⅜	+1¾	12.12
IC Indust 12⅛ 90 CS	50	† 94⅞	95⅜	0	+0⅛	13.02
NB Hima N.V. 12 92 CS	75	† 96¾	97¼	+0¼	+0⅝	12.70
Mtr'l Urban 11¾ 95CS	75	† 93½	94	+0¼	0	12.89
Giro Und Bk 10½ 93 ECU	60	105¾	106¼	0	0	9.44
World Bk 10¼ 89 ECU	125	102⅛	102⅝	+0¼	−0⅛	9.74
World Bk 10⅝ 94 ECU	75	106	106¾	+0⅛	+0⅛	9.57
Akzo 7 90 FL	150	97¾	98¼	0	−0⅛	7.50
Algemene Bk 7¾ 00 FL	150	101⅝	102⅛	−0⅛	0	7.24
Amro Bank 7¼ 89 FL	150	98¼	98¾	+0⅛	0	7.63
Dai-Ichi 9½ 89 FL	50	102	102½	0	0	7.85
Fresch-Gron 8¼ 89 FL	50	99½	100	−0⅛	−0⅛	8.39
Charbonnages 15⅛ 85 FF	400	101¼	102¼	0	−0⅛	10.83
American Brands 12 95 £	40	105⅜	105⅞	0	0	11.03
Amer Express 11⅜ 92 £	30	100⅜	100⅞	+0⅛	+1⅛	11.24
B.A.T. Int'l 10¾ 91 £	100	96	96½	−0⅛	−0¼	10.98
CBS Inc 10⅞ 94 £	40	95¾	96¼	−0⅛	−0⅛	11.56
Denmark 11⅞ 94 £	75	100⅝	101⅛	0	−0¼	11.95
Grand Met 10⅞ 90 £	50	96⅛	96⅝	−0⅛	−0⅛	11.77
ICI Finance 8½ 89 £	100	100⅝	101⅛	0	−2¼	7.40
Norsk Hydro 11⅝ 91 £	50	103⅜	103⅞	0	0	10.76
Reed Int'l 11⅜ 94 £	30	95⅞	96⅜	−0⅛	−0⅛	12.05
Ryl Bk Canada 10⅞ 91 £	40	96½	97	0	0	11.57
Royal Trustco 11⅜ 00 £	30	98¼	98¾	−0⅛	−0⅛	11.76
Swed Exp Cred 11⅜ 02 £	50	98⅞	99⅜	0	+0⅛	11.56
United Tech 11¼ 89 £	35	101⅝	102⅛	0	−0¼	10.93
World Bank 10 5/8 89 £	50	98⅛	98⅝	−0⅛	−0⅛	11.05
World Bank 11 94 £	50	98	98½	0	−0⅛	11.28
E.C.S.C. 10½ 94LF	100	101⅜	102⅜	−0⅛	−0¼	10.18
Nat Lux Alum 10½ 92 LF	600	102½	103½	0	−0½	9.89

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 98	0⅛	100	100¼	11/4	11.69	11.67
BankAmerica O/S 5¼ 96	0⅛	100⅛	100⅜	20/6	8.81	8.79
Bank of Montreal 5 96	0⅛	100¼	100½	25/4	8½	8.47
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/5	9.31	9.29
Barclays O/S Inv 5 2004	0⅛	102⅛	102⅜	2/3	12.31	12.28
Belgium 5 2004	0⅛	† 100⅜	100⅝	11/4	13⅛	13.06
B.F.C.E. 5¼ 00	0⅛	100¼	100½	13/3	12.19	12.14
B.N.P. 5¼ 95 (July)	0¼	100	100¼	22/7	9⅛	9.11
Chase Man'tn 5⅛ 2009	0⅛	99⅞	100⅛	5/3	9.56	9.55
Citicorp O/S 5¼ 98 Sep	0⅛	99¾	100	19/12	11.18	11.20
Cr¾ k1.88						
Dai-Ichi Kangyo 6¼ 90	0⅛	† 100⅜	100⅝	13/6	10.06	10.01
Dresdner Fin 5¼ 89	0	99⅞	100⅛	23/2	9.81	9.81
E.D.F. 5¼ 99	0⅛	† 100¾	101	20/2	12⅜	12.27
Ireland 5¼ 99	0	† 100	100¼	14/3	12⅜	12.35
Italy. Republic 5 94	0⅛	99⅞	100⅛	9/5	9.94	9.94
Lloyds Euro 5 2004	0⅛	100	100¼	18/4	11½	11.49
Midland Int Fin 5 99	0⅛	† 100⅛	100⅜	8/3	12⅜	12.34
Mort Bk Denmark 5¼ 99+	0⅛	† 100⅜	100⅝	11/4	8.56	8.52
Nat West-Perp 5 89	0⅜	101	101¼	13/5	10⅜	10.26
Queensland Coal 5¼ 96	0¼	† 100⅝	100⅞	8/5	10.06	10.01
Sweden Perp 5¼ 85	0¼	100⅛	100⅜	9/7	9.44	9.41
Takugin 5¼ 94	0⅛	100⅜	100⅝	15/3	12⅛	12.19
Tokai 5¼ 99	0⅛	†* 100½	101	12/8	9.94	9.86
Toyo 5¼ 99	0⅛	100¼	100½	14/6	9.81	9.78

Average price change On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	93	94	−0¾	6.42
Fanuc 3¾ 98	1/84	7032.3	162⅞	164⅜	+2¾	40.91
Fujitsu 3 99	5/84	1320.0	91½	92½	+0¼	10.76
Konishiroku Photo 4 98	10/83	673	94¾	95¾	−1½	2.19
Kumagai Gumi 3½ 2000	3/85	600	99⅛	100⅛	+0⅜	−4.15
Marui 3½ 99	7/84	1192	82⅝	83⅝	−0½	2.01
Minebea Co Ltd 5½ 98	5/83	667	87⅛	88⅛	−1⅛	−0.50
Mitsubishi Elec 2⅞ 00	3/85	422	94⅛	95⅛	+0⅛	−0.81
Murata 3½ 99	2/84	2351.2	110¼	111¼	−1	27.75
Murata 3½ 2000	7/84	2398	100½	101½	−0⅞	29.77
Nippon Elec 2⅞ 2000	1/85	1295	87	88	−0½	28.96
Nippon Oil Co 3¼ 99	3/84	1052	82⅞	83⅞	−2⅜	5.09
Oki Elec Ind 3½ 99	10/84	805	85⅞	86⅞	−0½	13.01
Orient Leasing 5¼ 98	6/83	2680	106	107½	−1¾	−5.40
Sekisui House 3 99	6/84	612	87⅛	88⅛	−0¼	1.09
Sumitomo Corp 2⅞ 99	5/84	593	97⅝	98⅝	−1⅝	−1.47
Taiyo Yuden 3¼ 2000	3/85	1078	98⅝	99⅝	−1⅞	−2.02
Takeda Riken 3⅜ 2000	10/84	7663	95⅛	96⅛	+0⅛	10.57
Tokyo Sanyo Elec 3½ 99	12/84	772	92⅛	93⅛	−2⅛	5.70
Yamanouchi Pharm'cal 4 90	10/83	1483.2	241	242	−10	−0.53
Nippon Oil Co 2⅛ 92 SF	3/84	1052	† 105	107	0	10.77
Nippon Shinpan Co 2 92 SF	3/84	801	† 94	96	+0¾	27.10
Settsu Paper 2¼ 92 SF	4/84	677	†* 100½	101½	0	2.02
Asics 5 92 DM	12/83	520	102¼	103½	−0¼	29.96
Sum Realty 6¼ 92 DM	2/83	365	208½	209½	+1½	10.46

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.